

**UNIVERSITY OF KWAZULU-NATAL**

**EXPLORING ORGANISATIONAL LEARNING WITHIN A  
CONTINUOUS BUSINESS IMPROVEMENT CONTEXT**

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## Declaration

I, Coraleen Ann Baldwin declare that:

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**Abstract**

The organisation under review, like many others, is currently facing a number of challenges, such as profitability and the life-span of the existing resources, and the ability to locate new resources. This calls for leaders to think and respond differently in such times, which has called for a revision of the current business strategy and operating model. This has included, amongst others, the disposal of marginal/loss making resources, the revision of the traditional organisational hierarchical structure, referred to as the inverted triangle (with a more direct focus on front-line employees) and the implementation of continuous business improvement, supported by lean manufacturing principles.

This study aims at exploring the supporting socio-technical change considerations within a learning organisation, specifically focussing on aspects referring to the desired culture, such as communication patterns; social and behavioural patterns and leadership characteristics.

In order to effect successful, holistic change, it is imperative that both the social and technological dimensions of organisational change are jointly managed and optimised.

The purpose of this study will therefore be to explore and suggest the socio-technical considerations required to facilitate holistic change in order to achieve efficiency within the organisation.

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## **Chapter 1**

### **1. Introduction**

Modern organisations are continuously being faced with a variety of challenges, influenced by factors such as globalisation, technological innovation, legislative changes, volatile markets, global and national competition. These challenges have sent shockwaves through organisations, forcing their leaders to think and respond differently. Company X, which will be the focus of this study, is a global leader in the luxury goods industry and mining sector. For the purpose of this study, the organisation selected will be referred to as “Company X” throughout this paper, in order to maintain anonymity of the organisation for competitive reasons. With its long-standing traditions, embedded culture and traditional work practices, Company X, like many other organisations, faces complex challenges in a complex operating environment.

Company X is considered to be a modern organisation that is currently facing a myriad of challenges such as those referred to above. Given the challenges and complexities referred to in the opening paragraph, including the more direct challenges facing Company X currently - such as profitability, the life of the existing operations, and the ability to locate new resources - its leaders have had to think and respond differently. This has called for a revision of the current business strategy and operating model. This revision has included, amongst others things, the disposal of marginal/loss-making operations, the revision of the traditional organisational hierarchical structure, referred to as the inverted triangle (with a more direct focus on the front-line employees) and the implementation of continuous business improvement, supported by lean manufacturing principles (which are referred to as “lean” throughout this study).

This study will focus on lean manufacturing and its associated principles and it is therefore deemed prudent to define this core concept at this stage.

Lean manufacturing (or lean production), which is commonly referred to as “lean”, is a production process that is centred on creating more value with less work. The lean concept originates from the manufacturing environment and is a management philosophy stemming from the Toyota Production System (TPS).

Lean manufacturing is synonymous with the term efficiency, and focuses on increasing efficiency within the organisation and decreasing waste, whilst critically accessing traditional practice. Lean is often viewed as a set of tools that aids in the elimination of waste and the improvement of quality, whilst focus remains on improving production time and cost reduction within an organisation.

Liker et al (2008:15) suggest that lean manufacturing is often perceived to be a more sophisticated version of previous efficiency concepts and builds on the work of Taylor and Ford.

Within Company X, lean principles go hand in hand with their focus on Continuous Business Improvement (CBI) factors. This will be described in further detail in Section 1.4.

Continuous business improvement, as defined by Liker et al (2008:15 -178), means that the organisation is never satisfied with where it is and thus continuously strives to improve upon its business by implementing new ideas and continuously seeking new opportunities to improve.

Technical change considerations, such as the technical improvement processes relating to the principles of lean manufacturing and continuous business improvement, have to date been sufficiently addressed to effect the desired change. However, the supporting socio-technical change considerations, the people-related aspects have not yet been adequately addressed. These considerations include aspects relating to organisational culture, such as communication patterns and employee engagement, social and behavioural patterns, and the leadership style within the organisation.

In order to better understand and manage these complexities, the organisation must be seen to be managed as an open system, and change management must take place not piecemeal but in the context of a vision of the organisation as an organic whole. It is of utmost importance that the interconnectedness of the parts of the organisation should be understood. It is therefore deemed imperative, by the author, that both the social and technological dimensions of the organisation should be managed and optimised in order to effect holistic organisation-wide change.



## **2. The purpose of the study and the intended contribution to the organisation**

The purpose of this dissertation is to explore organisational learning within a continuous business improvement context, which involves exploring the socio-technical considerations required to facilitate holistic change in order to achieve operational efficiency within the organisation.

The dissertation will contribute to the identification of the desired culture's traits, its associated behaviours and the appropriate leadership and management styles required to bring about holistic and successful organisational change.

This will further assist in and serve as a guide for the organisation to develop the appropriate interventions relating to the culture required to support continuous business improvement and the most appropriate leadership style required to support the inverted triangle concept. This study will therefore highlight gaps in the change processes which need to be addressed in order to enable leaders to better lead the organisation and in themselves to become role models for their employees. This might be conducive to bringing about the required social changes in the organisation.

## **3. Overview and associated study methodology**

Given the current context of Company X in that it has long-standing traditions that have shaped its culture over the past 100 years or so, influenced by embedded behaviours and associated traditional leadership styles and various associated work practices, it is thought necessary to focus the study on addressing the following three key research questions, as the author is of the opinion that these three questions, if addressed and considered would be at the heart of the change required to move Company X into the future:

- What is the most appropriate culture to support the new strategy, which includes lean manufacturing, continuous business improvement and the inverted triangle?
- What behaviours would be inclined to embed this culture?
- What is the most appropriate leadership and management style within the organisation to support the culture?

These questions will be the focus of the study and will be addressed by the referencing and understanding of associated literature in the field and the views of relevant authors, which will be critically examined in terms of their relevance or applicability within the context of Company X's environment.

The constraints imposed on this study by the context in which it was conducted were such that it was not possible to use empirical methods in performing the investigation due to constraints of time and cost, with particular reference to the economic climate the organisation currently faces. Further to this, it is deemed necessary for Company X to at least make some in-roads towards their objectives as set out, in order for the research to assess any impact this transformation change journey has had on its objectives. This can realistically only be achieved within the next year or so. Given this, it would be more meaningful to conduct such empirical research at a later stage. Instead, the method that will be applied will be a theoretical and descriptive inquiry which aims at understanding the concepts relevant to the topic and applying them to the problems facing the organisation, as depicted above. It seeks to gain an understanding of the related literature in this field and how it could practically be applied to Company X. This approach will seek to translate and interpret the organisational factors pertaining to organisational learning, as derived from a review of the relevant literature, in order to apply them to the change of organisational culture in this particular organisation.

This study will reference the viewpoints of authors in the field, specifically focusing on a critical appreciation of the cultural and social aspects that may have influenced their view. A particular focus will be on the understanding and interpretation of human behaviour within the context of a learning organisation.

This dissertation is largely sociological in nature and will thus focus on cultural and environmental factors, rather than on aspects relating to psychological aspects of an individual and therefore seeks to understand and interpret the relevant literature in the field and how it impacts on organisational human behaviour. Given this, a theoretical and descriptive enquiry research methodology would be most suitable in the execution of this study.

#### **4. The case for change**

The Managing Director of Company X states in an internal publication, the 'Company X' Journey Book (2007:1) that, "For organisations today, mere survival is no longer an option. Businesses have to be run differently to how they have been run in the past, to continuously improve, to be better today than they were yesterday."

According to the 'Company X' Journey Book (2007:2) released by the organisation, continuous business improvement is defined as a philosophy to drive world class practices, aiming to introduce simple and fit-for-purpose solutions towards an effective organisation. The lean approach to continuous business improvement is a business model that aims at delivering superior performance for employees, shareholders and customers.

The lean manufacturing concept and the delivery of continuous business improvement apply throughout the organisation, from the front-line (referring to 'front-line employees') to executive management, in both the production and services environments, in order to create synergy and alignment, thereby eliminating waste and improving efficiency. A major challenge for organisations with a dominant western culture, according to Womack and Jones (1996:282), is overcoming the individualism that exists within the company culture.

With particular reference to the culture within South Africa, organisations are strongly influenced by a westernised culture and given this it can be argued that a perceived lack of team work is evident. This is demonstrated by staff members looking out for their own best interests, displaying individualism rather than team work. This behaviour is reinforced and supported by the performance reward structures prevalent within the South African business world. Individuals tend to be rewarded primarily for their individual contribution, at times at the expense of team work. Team work, in particular cross-functional team work, is thought to be desirable to optimise the productivity of the whole organisation, and is sought to bring about the desired change required within a lean organisation. This in itself presents a major challenge for Company X and its desire to implement lean manufacturing concepts.

The application of these lean principles requires a new and different way of thinking about business processes and ways of work. It requires taking a holistic and systems approach, focussing on purpose, processes and people. These factors have to be jointly optimised in order to affect holistic change.

### **1.1. Creating a lean culture**

In 1949 the Toyota Motor Corp implemented a process to increase efficiency, eliminate waste and improve quality in the business. This organisation is a pioneer in the implementation of lean principles in business, and continues to strive for greater efficiencies. Toyota does not undergo what de Frahan (2007:2) refers to as corporate convulsions, which are large scale change and restructuring initiatives. Instead, they restructure a little bit every work shift by continuously questioning and improving on the way in which things are done, in the quest to stay ahead of their competitors. Is this true for Company X? How has change occurred over the past decade? This will be further explored in the chapters that follow.

Circuits Assembly (2007:50) believe that lean principles have been highly effective in increasing value for both the business and its customers; however, few companies are implementing it, and even fewer are getting it right.

They define lean as a continuous improvement process that aims at reducing waste, clarifying the roles and responsibilities of employees, and defining the workloads of both the employees and the machines on the factory floor, thereby improving customer value by focussing on speed, flexibility and quality.

For lean manufacturing to be successfully implemented and sustained, it must be embedded in the culture and into the very fabric of the company. According to de Frahan (2007:1), Toyota's success can be attributed to their culture, which involves a different way of thinking about work. They are self critical, internally focussed, and obsessed with improvement. They aim at doing things better today than they did yesterday.

They state that in order to create a Kaizen (a Japanese term for gradual and orderly continuous improvement) culture, the gradual and orderly continuous improvement processes must be embedded into the heart of the business. Creating a Kaizen culture is

a continuous process that calls for a cultural transformation that must be embraced by all employees from executive leaders to front-line employees.

The Institute of Management Services (2007:11-13) believe that for lean projects to succeed, various critical aspects should be considered. Some key considerations are management buy-in, clear responsibilities, clear lines of authority and decision-making, clear communication regarding the purpose for the implementation of lean principles, strong visionary leadership, a mind-set favouring change in people's behaviours and attitudes, and a robust communication strategy.

Sustaining a Kaizen culture is probably more difficult than implementing it and the sustainability is dependent on the organisation's ability to embrace and adapt to change and continuously improve processes and practices.

According to Paparone (2008:34), lean manufacturing assumes excessive controls with regard to technology and is a process that is quite systematic in nature. He believes that leaders must be aware of this when implementing and sustaining a lean culture, so that innovation and learning within the organisation is not stifled. Lean focuses primarily on the setting and achievement of production targets and measurement, which may overshadow people development. Leaders must therefore guard against a fixation on measurement and performance (Paparone, 2008:39).

Paparone (2008:39) further states that the danger of focusing on the technical aspects only may be to the detriment of the learning organisation, the organisation's ability to adapt and innovate, which may lead to the de-humanising of the workplace.

Creating a lean culture seems somewhat challenging and requires a change of leadership style, including the enactment by leaders of roles which employees would want to imitate in order to bring about the desired behaviours. Bodek (2008:40) is of the opinion that many companies are attempting to implement lean, but very few are actually succeeding.

## **1.2. The leadership and management challenge**

Kanter (1989:85) believes that managerial work is undergoing major change which calls for managers to reinvent their profession. They are facing fading hierarchies, flatter organisational structures, blurred titles, tasks and roles. Traditional approaches to management, managerial tools and techniques are losing their credibility and are considered to be outdated, and as such they can no longer meet the demands placed on managers. In these transforming organisations, Kanter (1989:85) suggests that organisations are urged to become leaner, less bureaucratic and more entrepreneurial.

Hamel (2007:x) agrees with Kanter's view, and adds that organisations are facing radical change, including technological changes, powerful customers, rebellious shareholders and competitive markets. According to Hamel (2007:x), these 21<sup>st</sup> century challenges test the management model of organisations that have failed to keep up with the times. Hamel (2007:x) raises a very valid point in that technology, such as cell phones, computers, digital music, email, the internet etc, has changed the way we live, but the practice of management has not in itself undergone any significant new breakthroughs. He therefore believes that "Management is out of date" (Hamel 2007:x). Managers are therefore facing a number of challenges in these turbulent times, and in order to thrive in this environment they need to become strategically adaptable.

Frederick Taylor is regarded by Hamel as the most influential management innovator of the 20<sup>th</sup> century. Given that we are now in the 21<sup>st</sup> century and business has evolved considerably since, Hamel believes that Taylor's ideas should not currently be as popular as they are. Hamel suggests that 21<sup>st</sup> century managers are still fixated on the same problems that occupied their minds in the previous century. Hamel (2007:14) argues that Max Weber's contribution to modern management has been significant; however, he has been dead for almost 90 years, yet his theories of modern management are still evident in organisations today. The author agrees with Hamel's view that management has not evolved at the same pace as our environment has, or at the same pace that technology has. He believes that organisations are still working on Taylor-type puzzles and living in Weber-type organisations. Hamel (2007:14) is of the opinion that our progress has been limited by an efficiency-centric, bureaucracy-based managerial paradigm.

Organisations and their leaders are thus required to reinvent management and re-align these practices to the rapid and ever changing world around them.

Hamel's views about what is required to reinvent management within modern organisations and in the 21<sup>st</sup> century will be further explored in the chapters that follow. This is particularly relevant to Company X in that it should re-invent themselves due to their many challenges faced and in order to remain competitive into the future.

Just as there is a need for modern management to be reinvented, so too should the leadership styles within changing organisations be re-examined. What leadership style or styles are relevant within changing organisations such as Company X? Servant leadership, which is often the desired style of many organisations that wish to change will be explored in this study, as it is felt to be appropriate for Company X to adopt given their current desire to change. However, the term servant leadership will be replaced by 'supportive leadership', being a more acceptable term to Company X. What does this mean for leaders in the organisation? What is required to bring about this shift in leadership style? This question will be further examined in the chapters that follow.

Leadership and management style is a factor in promoting general efficiency. But what is the role of leadership for change, particularly in promoting culture shifts? Surely it is the leader's role to enable and facilitate culture shift and large-scale change? Change management, as a key component of culture change, should be seen as a core competency to be mastered by leadership and leadership teams. However, it is often the case that leaders, like employees, resist change.

The competency of leaders to manage change is but one aspect of leadership that needs to be highlighted. Leadership competencies to support modern management would also have to be reinvented and re-examined if businesses are to thrive in today's turbulent environments.

### 1.3. Inverting the triangle

According to Carlzon (1987:40), inverting the hierarchy means turning the traditional organisational hierarchy upside down. This requires more focus on the front-line, as it is at the front-line that value is created. Hamel (2007:74) emphasises that Toyota has long believed that the front-line employees should be more than just manufacturing “machines,” and that they should be problem solvers, innovators and change agents. Middle managers and leaders must support production and enable the front-line to solve problems by training the employees to be empowered, so as to enable them to respond appropriately to customer needs.

The leader’s role in the inverted triangle is to facilitate and set clear goals, to communicate to the team, and to develop and empower them to take responsibility for reaching their goals. The leader’s role is to create an enabling environment that encourages flexibility and innovation (Carlzon 1987:41).

The leader sought in the new culture is one who listens, communicates openly, educates, coaches, motivates the team and empowers individuals in the team to make decisions at the most appropriate level. ‘Empowering’ means ‘defining the parameters in which people are allowed to operate, and then setting them free’ (Abrashoff 2002:29).

Carlzon (1987:40) is of the view that inverting the traditional hierarchy does not come without its problems. When inverting the triangle, the focus shifts from middle and senior management to the front-line. Executives in the organisation are required to role-model the desired behaviours, and to enable and support the front-line. What then is the role of middle managers? How has their role shifted? Traditionally, decisions were made at the top of the organisation and handed down to middle managers to interpret before passing them on. However, in the inverted triangle front-line employees are encouraged to make their own decisions, which is a major shift from the traditional hierarchy of decision-making (Carlzon 1987:41).



## **5. The structure of the dissertation**

The first chapter, as outlined above, aims at motivating the need for change within the organisation in question, and describes the scope, study methodology and structure of the dissertation.

Chapter Two aims at understanding the need for change and the history of change within the organisation, and will cover aspects relating to the three critical questions posed previously.

Chapter Three will comprise of a literature review, which will cover some of the challenges that may arise from organisational learning and the characteristics thereof.

Chapter Four will cover elements of a learning organisation that support the change process. It will include some recommended actions / interventions.

The Fifth and final Chapter will provide a summary overview and concluding remarks of the dissertation.

## Chapter 2

### 1. Introduction

The objective of this chapter is to provide an overview of Company X, in order to create an understanding of the organisation and its past approach to change. It will further illustrate why a different approach to change is required and is currently being embarked on.

Company X, like any other company, needs to examine the way in which it does business in order to stay competitive. The organisation is currently facing many complex challenges posed by the economic and political environment in which it operates. This has called for necessary changes to occur both internally and externally in order to survive in these turbulent times. 'We live in an era of intense conflict and massive institutional failures, a time of painful endings and hopeful beginnings' (Otto Scharmer 2007:1-2).

Scharmer believes that this is a time when something great is shifting and dying while something else is emerging. He foresees the dying of the old social structure and way of thinking, the end of the modern age (Scharmer, 2007:1-2). 'We can expect more change to occur in our lifetime than has occurred since the beginning of civilisation over ten thousand years ago (Ackerman, Anderson & Anderson, 2001:xvii).

According to a study conducted by Heimar et al, for companies to remain competitive in turbulent environments, it is required that they remain strategically flexible in their ability to respond to current and future internal and external dynamic environments. This means that the organisation has to continuously revise its current strategy and operating model, its assets, its organisational structure and, in turn, its organisational culture (Heimar et al, 2002:36, 39).

Ackerman et al state that organisational change today can be described as fast, pressured, continuous and competitive, confronting leaders with much more complex and dynamic challenges than ever before (Ackerman et al, 2001:2).

Kotter (1996:3-4) adds that stressful and traumatic organisational change has grown tremendously over the past couple of decades. Sustainability is no longer an option in today's organisations, as business environments are becoming more and more unstable and unpredictable. Kotter further stresses that many of the past change efforts have been

somewhat disappointing, resulting in wasted resources, employee burn-out, de-motivation and frustration. Whilst he believes that the downside to such current change approaches, as referred to above, are unavoidable, it is hoped that leaders and organisations learn from their mistakes of the past and take a different, more constructive approach to minimise this downside.

Most managers and leaders today have no prior experience to guide them through these turbulent changing business landscapes, however Kotter believes that this would be less of a concern if the business environment would stabilise. However, he suggests that the opposite is true in that the rate of environmental change will increase and the demand on organisations to transform themselves will increase substantially over the next few decades. This being the case, Kotter (1996:30-31) believes that the only possible solution then is to learn more about what creates successful change and to empower and enable others to manage such change more effectively. Anderson et al (1996:2) believe that leaders have little choice but to pay attention and get involved in such change efforts.

Given this, it is evident that change can no longer be episodic and incremental, but that sustainable continuous change is required if it is to be effectively and successfully managed and applied in the longer term.

## **2. The global organisation**

The global organisation, comprising of a broader group of companies, that is the entire global enterprise, was faced with a number of commercial challenges in the late 1990s, which led to a comprehensive review of its operating model, including all its operations, and set about transforming the business model in an attempt to respond to the new challenges and opportunities of the 21st Century.

The greater, global organisation comprises of three major shareholders, with several associated subsidiaries carrying out its commercial activities around the world. These activities involve the sourcing of new resources across four continents and the marketing of the product in eleven major consumer markets. The company employs approximately 20 000 employees across the globe, of which the South African operating unit employs about 5 500 employees.

The need for change and to remain abreast of its competitors is clearer and more urgent than ever before, given that the company and the industry are part of the luxury goods sector, which is normally the industry hardest hit in an economic downturn. To remain competitive, it must invest in a future that continues to add value to the product and the people who work in its business in all of the environments in which it has a presence, but especially in South Africa.

The one factor that is constant across the group of companies globally is the focus on partnerships aimed at achieving sustainable profit, growth and socio-economic objectives. This has brought about changes in one of our operating companies, the South African-based operating unit, which is what will be covered in this chapter and will be the focus of this study. Within the South African context the business acknowledges an ethical and moral commitment to transforming the business by aligning it with the greater transformational process of our country, South Africa. Partnerships, therefore, in this context, specifically refer to partnerships with our local clients, the government, communities and society within the South African context.

### **3. The South African operating company and its journey to world class**

Although the organisation is a global company, its roots are in Africa. The company's product was first produced in the late 1800s, and the company evolved through the nineteenth century to become one of the leaders in its industry.

The South African based company is currently 26 % owned by a Broad Based Black Economic Empowerment (BBBEE) company comprised of a range of diverse shareholders.

In 2004 the Managing Director of Company X called for change. It was clear at the time that only 30% of its operations were profitable, and the challenges facing the organisation going into the future became evident. The response by the organisation was that the business model had to be reviewed, with reference to the organisational structure and the staff who peopled it.

An initial project was launched, which focussed primarily on optimising resources in order to ensure that the right person was placed in the right job and was appropriately skilled to

deliver. Further to this process, the core and non-core activities of the business were reviewed and possible outsourcing opportunities were identified and actioned.

Soon thereafter, another major project was embarked upon to optimise the utilisation of machinery and equipment, resulting in further restructuring and downsizing.

In 2007, the South African operating company embarked on becoming more efficient, effective and profitable, and providing added value to its shareholders, by focusing on growing its assets.

As part of its endeavour to become more efficient and effective, 2008 saw a further staff reduction of 15 % since the introduction of staff optimisation initiatives. This reduction was achieved through processes such as offering members of staff voluntary retrenchment and early retirement packages, and it also saw the disposal of loss making operations.

Company X has undergone enormous, incremental, episodic change in the past decade, which has left employees feeling frustrated, disillusioned and de-motivated. It was the business landscape of the late 1990s and early 2000s that demanded such episodic change, despite the relatively stable business environment at the time. But it has been noted recently that such change efforts were not yielding the desired results, given the impact such large scale change initiatives had on the employees, and it was then that the organisation decided to respond to change differently. It became evident that change today is constant and should be managed as a continuous process rather than being episodic in nature. It was then that the business introduced a process of Continuous Business Improvement (CBI), which has primarily emerged as a result of what has been, learnt from past change processes.

CBI aims at 'taking out the noise in the system' by the elimination of waste (in accordance with the notion of being 'lean') and improved efficiency and asset delivery to ensure profitability into the future. Specific focus is on the people, the workplace climate, the environment, the sustainability of the business, the finding of new resources, and the alignment of systems and processes to enable this.

To this end, as the company's Managing Director says, mere survival is no longer an option for this company. The business has to be run differently. It has to continuously

improve, to be better today than it was yesterday. The emphasis will be on continuous improvement rather than on the episodic and infrequent change experienced in the past.

#### **4. Embedding a process of Continuous Business Improvement (CBI)**

It must be noted, however, that the implementation of CBI is still in a formative stage in the organisation. The organisation seeks to focus on commitment to the process of CBI as a long-term operating policy, striving for perfection and the elimination of waste, but requires a different, more suitable leadership style to support this policy, which needs to be underpinned by a coaching style. The challenge of increasing competitive markets accentuates the need for strong leaders and as such, coaching is fast becoming part of the leadership toolkit in business today, and plays an important role in leadership development. Aligned to CBI principles, the role of the leader is changing to that of coach and facilitator. Experimentation, questioning and coaching are at the heart of the lean approach to continuous business improvement. This however is going to be a major mind shift change, away from the traditional hierarchical, dictatorial management style prevalent in the industry within which Company X operates.

The author believes that coaching can be defined as the skills, processes and knowledge through which people maximise their impact and constantly review themselves and their organisations as they continuously improve, develop and experience continuous change. Coaching is about dialoguing, about focused conversations in which individuals are supported by their leadership and are effectively challenged and stretched. It enables and empowers individuals and teams to develop a sense of purpose that aims at driving results in an action orientated manner. It enables better decision making, thereby improving organisational effectiveness and performance. As part of developing a coaching culture, Company X would have to embrace these coaching principles.

Given that the CBI policy is still in its formative stages, much work lies ahead to gradually and continuously align the people and business processes, leadership style, systems and organisational culture and structure, to bring about the desired holistic and sustainable change.

The organisation is yet to address the three questions posed in Chapter One which are:

- What is the most appropriate culture to support the new strategy, which includes lean manufacturing, continuous business improvement and the inverted triangle?
- What behaviours would be inclined to embed this culture?
- What are the most appropriate leadership and management styles within the organisation to support the culture?

This study therefore aims at assisting the organisation, through a literature study, in the alignment process, to seek appropriate recommendations to bring about the culture needed to support the new strategy. This strategy includes lean manufacturing, the inverting of the triangle (organisational hierarchy) and the establishment of the desired behaviours to support the culture. The change process will be facilitated by a process of continued business improvement.

## **5. Conclusion**

Stability and incremental change are no longer a consideration for modern organisations that are facing more complex challenges in these turbulent times. Today's organisations have to make dramatic, continuous improvements not only to compete and grow, but to survive (Kotter 1996:15).

Grensing-Pophal (2000:2) is of the opinion that to manage this transition effectively, organisations have to become nimble and resilient in order to bring about holistic change focusing on their human capital as well as on their technical systems, processes and financial assets. If the leaders do this, their role in setting the stage and establishing the culture of the players will become increasingly important in creating such nimble organisations.

In the future, regardless of what industries businesses operate in, it requires these businesses and their leaders to lead beyond where they are and beyond what they can foresee. Leading into the future requires setting goals that depend on renewal and continual transformation. It requires being prepared to change the business in order to meet the challenges of a changing world and dynamic business landscape. It includes appropriate culture change that fosters innovative development, and renewal that will strive to achieve an envisioned future (Rose, 2006:1).

This would require the breaking of the patterns of the past and a shift towards operating from a place of our highest future potential. It would require that leaders, organisations and society shift away from learning from past experiences, and start to learn from the future as it emerges – moving towards a future possibility and a new pattern of thinking, and away from the dominant mode of downloading patterns of the past. (Scharmer, 2007:5). The author believes that Scharmer's view is somewhat idealistic, in that the concept of operating from the future as it emerges would require a complete evolution of not only management and leadership concepts, but requires a different breed of management to apply such concepts. In this day and age, the author believes that leaders are merely focussing on survival, in a time of economic downturn, which has led to a shift back into the comfort levels of what managers and leaders are more comfortable with, a regression to the more traditional management and leadership style, their default style applied during times of crises. Given this, Scharmer's view, whilst it is a desired leadership style of leading into the future, is perhaps a somewhat tall order for the present.

Recognising the need to do something new does not necessarily mean that our behaviour and actions will be new or different. Scharmer believes that for behavioural change to happen we need a deeper level of attention that allows people to step outside their "traditional experience and truly feel beyond the mind" (Scharmer, 2007: xiv).

Scharmer encourages leaders to move away from theories of learning from the past and urges them to consider an alternative approach of learning from the future as it emerges. For innovation to occur, learning from the future is of the utmost importance. It requires leadership that embraces ambiguity and uncertainty, and for leaders to be able to lead through times of turbulence and systemic change. This type of leadership requires the letting go of traditional and established ideas, practices and mindsets, and requires people to start connecting deeply with their inner selves by accessing their inherent sources of inspiration, intuition and imagination (Scharmer, 2007:xvi). Within Company X however, this may be a challenge, where innovation is often stifled by bureaucratic management and inflexible work practices.

Organisations face very different challenges today and given this, it is acknowledged that Company X is aligning itself to the times and shifting its approach to change by embarking on a journey of continuous business improvement, a move away from the episodic, incremental change of the past. It seeks to support this with a leadership style that will



embrace the emerging future and an organisational model to support this continuous change.

Chapters Three and Four will provide a more detailed review of the changes required by the organisation to embed, support and enhance the process and culture of continuous business improvement.

## Chapter 3

### 1. Introduction

Every organisation has a destiny line that can be drawn from its genesis through its current form and into the future.

Ilbury and Sunter, 2007:46

According to Ilbury et al (2007:46), this line is determined by internal organisational development factors and the evolution of the external environment in which the organisation operates.

Sir Isaac Newton said, “For every action there is a reaction.” The question that will be investigated in this chapter will be exactly how modern organisations need to react to the external environment in which they operate and how they will go about aligning their internal business processes accordingly.

Our world is fast changing, our environments are turbulent, and our organisations are being transformed by a number of aspects such as globalisation, technological change, skills shortages, legislative requirements, political pressures and the need to continuously re-invent themselves. In order to remain competitive, organisations have to operate in a global environment, which calls for businesses today to respond and react differently to these challenges and for leaders to think and behave differently by being more creative and innovative in their solutions, with a clearer understanding of the emerging future. This requires continuous business improvement and innovation, which further requires a commitment to learning and the creation of a learning organisation.

Chapters One and Two have outlined the challenges that Company X is currently facing, challenges which relate to the organisational culture, with specific reference to the implementation of lean manufacturing, the inverting of the traditional organisational hierarchy and a supporting leadership style. This chapter seeks to gain an understanding of what is expected of Company X to survive now and in the future, in order to optimise and continuously improve upon its current operating model. In order to gain this understanding, relevant literature will be studied and assessed so as to understand what Company X may need to do to be a world class, successful company.

This chapter will firstly focus on understanding what is required of the organisation in order for it to continuously learn and become a learning organisation. Scharmer's Theory U will briefly be outlined as a possible methodology for organisational learning. This will be followed by an overview of the future of management and what is required by our leaders in order to transform and adapt to our ever-changing world. Following this, an understanding will be gained of how leaders are then expected to lead in lean organisations and of how a world-class lean manufacturing leader creates and sustains a culture in which lean manufacturing thrives and brings about organisational success. This chapter will then be concluded by some thoughts as to how to bring about sustainable cultural change in order to ensure the achievement of organisational objectives.

The purpose of this chapter and literature review will be to determine which theories may be applicable to Company X in order to bring about the desired change. These recommendations will be further expanded upon in Chapter Four.

It must be noted that the inverted triangle concept will not be directly referenced as very little current literature has been published on this concept as such, and for which reason only indirect reference will be made. It is inherently present, though, in literature relating to a culture of enablement, empowerment, servant leadership (supporting leadership as coined by Company X), and the increased focus on the front-line.

## **2. The organisation as a living system**

With the view that businesses today are faced by a number of complex challenges, leaders are called upon to be more innovative and creative in their responses and solutions to these complexities, especially in their approach to dealing with change. Businesses have to position themselves effectively in order to compete in future. "A strategy of embracing the past will probably become increasingly ineffective over the next few decades.

This requires a shift away from the worldview and culture of the mid 19th century, which was characterised by machines. Organisations are continually growing and changing and are thus living systems. Scharmer (2003:2) suggests that the social structures that are rapidly deteriorating today are those that are based on traditional structures of thinking. It

is no longer appropriate for organisations to apply these traditional approaches to their complex and ever-changing environments. An organisation which is a living system has to continuously re-create and re-invent itself if it is to stay in business. Simply reacting to events as they occur will no longer ensure the survival or success of businesses today.

Therefore a different approach to organisational learning is required, an approach that is not focussed on the past, but brings future possibilities into the present. This, according to Scharmer (2007:5) is known as “presencing,” which is the ability to become aware of the present moment and focus in the now, which is a more authentic way of thinking and learning within an environment conducive to creativity and innovative solutions.

A whole-systems approach is required in learning and in business – an approach which deals with the interdependency of the parts and the whole. New and expansive patterns of thinking should be nurtured, where, according to Senge (1990:171), people are continually learning to see the whole together. In addition, the organisation has to continuously adapt, align and improve on its internal functioning. It has to respond to modern challenges by aligning its leadership and management practices, the organisational structure and culture, defined by their aligned, beliefs, behaviours, norms and practices.

This chapter aims at exploring these issues by studying relevant literature.

### **3. The learning organisation and organisational learning**

Modern organisations have to create a culture which celebrates and encourages success, innovation, creativity and empowerment, a culture which learns from past mistakes and learns from the future as it emerges.

Organisational learning is about an individual’s behaviour in the organisation and the organisation’s ability to respond more effectively to changes faced in its environment. Organisations which possess learning capabilities that are not reactive in nature are considered to be learning organisations. The capacity for change, i.e. the capacity for learning, is evident in employees and managers at every organisational level. Learning refers to individual and group learning processes. It involves learning how to learn and creating a learning environment within the organisation (Mets 2007:107 – 117). Senge (1990:39) believes that organisations learn through their employees, that individuals’

learning ability does not guarantee organisational learning, but that without individual learning no organisational learning can occur. Senge (1990:141) refers to personal mastery as the discipline of personal growth and learning and explains it to be a process of continually expanding and growing in a quest for continual learning, which for Senge is the spirit of the learning organisation.

Organisational learning is an area of knowledge within organisational theory that studies models and theories about how the organisation learns and adapts. Learning is characteristic of an adaptive organisation that is able to sense changes in its environment and is able to adapt and align internal processes. In agreement with Senge's sentiments about organisational learning, the ability of an individual to learn is a pre-requisite for organisational learning. A learning organisation actively creates, captures, transfers and mobilises knowledge to enable it to adapt to a changing environment. Key to this is the interaction that takes place amongst learners within the organisation

A learning organisation can be brought into being only by an organisational culture shift, making the organisation more profitable and robust, with an ability to continuously learn and improve (Sheaff et al, 2006:1).

Taylor (2008:21) believes that the capacity for organisations to learn is essential for organisational survival. He further states that it is of vital importance that organisations learn at a rate that exceeds the rate of environmental change (Taylor, 2008:22). Over and above this, organisations must learn faster than their competitors if they are to remain in business. Taylor (2008:24) also states that the nature of work has moved from Newtonian models of command and control, but that businesses have been slow in responding to and realising this need for change. Leaders have to accept that a shift is required, a shift towards more empowerment, the ability to deal with change and to foster the collective creativity of the organisation (Taylor, 2008:25).

Senge describes a learning organisation as "an organisation that continually expands its capacity to create its future" (Senge, 1990:14). Continuous improvement and creativity is the spirit of the learning organisation, with personal mastery forming the basis thereof. These aspects also characterise a culture of continuous business improvement.

According to Senge (1990:141) a learning organisation focuses on developing personal mastery and self-awareness and believes that organisations cannot learn unless individuals within the organisation learn. Personal mastery is about creativity. It is not a destination, but a life-long journey of continual learning and improvement (Senge, 1990:141). The organisational culture and environment play a role in the level of learning and the way in which learning takes place in organisations. Individuals learn best in a supportive and conducive culture and environment. It is thus the responsibility of leaders to create and support the required climate in which learning can be embraced. Individuals who practice personal mastery are systems thinkers who can see the interconnectedness of the world around them and thus feel connected to the whole. They have the ability to see the interconnectedness of the parts and the ability to see things holistically (Maani and Benton, 1999).

Most organisational change efforts are underpinned by the transformation of organisations into learning organisations (Abokhodair, 2008:1). Abokhodair (2008:1) refers to Marquardt's work, which refers to five subsystems of a learning organisation. These five subsystems include learning, organisation, people, knowledge and technology. In order to move towards a learning organisation, all five subsystems must be included and considered and seen from a systems perspective.

The core subsystem, learning, underpins the other four subsystems. Learning occurs on three levels: on an individual level, which refers to the change of attitudes, values, beliefs and behaviours; on a group level, which refers to competency within groups; and on an organisational level, which refers to the organisation's commitment to continuous learning and optimisation (Abokhodair, 2008:2). Senge's work refers to these subsystems as mental models, personal mastery, team learning, shared vision and dialogue, which, if all present, would lead to an effective learning organisation (Abokhodair, 2008:2).

Senge et al (1999:32) further state that the five disciplines of organisational learning represent a lifelong body of study and practice for organisations.

The first discipline he refers to is personal mastery, which refers to people's personal vision and the achievement of personal results. The second he refers to is mental models, by which he means a discipline of reflection, and inquiry skills focusing on developing awareness, brought about by continuous reflection and talking about one's actions and decisions. A shared vision is the third discipline, which focuses on mutual purpose, shared

images of the future and guiding practices put in place to get them there. Team leading is the fourth discipline. According to Senge it is a discipline of group interaction through techniques such as dialogue and conversation, which turns thinking into action. Systems thinking is the fifth and last of the five disciplines of organisational learning. This discipline allows people to learn about and practice interdependence and change, and assists them in dealing with such issues more effectively, so as to influence the actions that follow (Senge et al, 1999:32). If one is to see the organisation from a systems perspective, then it is essential that these subsystems complement and interrelate and support one another.

Abokhodair refers to different types of learning that are prevalent within learning organisations. These he describes as adaptive learning, which is where learning happens as a result of experience and reflection; anticipatory learning, which is learning from what is expected in the future (which is similar to Scharmer's Theory U of learning from the future as it emerges); and generative learning which involves the creation of learning from creativity and innovation (Abokhodair, 2008:2).

Senge (2006:4) believes that we have to create alternative, easier ways of working, learning and living, and foster learning organisations which bring into being these alternatives in order to thrive in our ever-changing world. Senge (2006:4) refers to relevant operating principles that a learning organisation should embrace: new capabilities arising from the transcendent values of love, wonder, humility and compassion. It requires dialogue and conversation in order to act upon these capabilities. Senge (2006:4) believes that learning organisations are built by servant leaders who enable and build these new capabilities. It is a style that moves away from leaders being in control towards a style where people who lead choose to serve others in so doing. Senge (2006:4) states that then the leader's power flows from those who are led. Senge (2006:4) further states that learning is a purposeful process which arises through performance and practice and is not left to chance.

Businesses have survived thus far through learning from the past and focussing on habitual reactions and practices, but a new learning approach is required. We can no longer observe the consequences of our actions, especially if they are to be in the distant future, or part of a larger system. Learning from past experiences is therefore no longer appropriate in modern times and in competitive business environments. How then do we learn differently, how can we learn from an emerging future?

### **3.1. A model for personal mastery – Theory U - A methodology for learning organisations**

It is no longer appropriate to fragment ideas by breaking problems apart, as we are then unable to see the consequences that these decisions/actions have on the larger whole.

It is imperative that we focus on seeing a whole if a business is to remain competitive. According to de Geus, businesses today have to learn faster than their competitors (Senge 1990:5). Leaders have to learn to operate in the context of the future, rather than by focussing on the past and on past experience, a process characterised by trial and error thinking. The concept of operating from the emerging future will be expanded on in the following paragraphs.

Otto Scharmer's Theory U provides a model to create learning spaces and allows us to review leadership assumptions from a different perspective, that of consciousness, allowing leaders to connect deeper within themselves, accessing the deeper levels of experience (Pillay 2008:1). Scharmer believes that the success of organisational learning and corporate change is dependent on the interior condition of the intervener. So in essence it is not about what or how leaders do things, but about the inner place from which they operate (Scharmer, 2007:27).

Scharmer (2007:30) states that most organisational learning and change processes are based on the Kolb learning model of observe, reflect, plan and act, which is primarily based on learning from past experience. However, the U process view of learning accesses a different timeframe, the future that is about to emerge (Scharmer, 2007:30). This theory has developed over many years of change work in a number of successful organisations.

Given this, it is thus evident that the learning process in an organisation and amongst its leaders in the organisation could be facilitated by the principles of Theory U. But before we examine the appropriateness of this theory it is important to gain an understanding of it.

The underlying premise of this theory is that one needs to explore what experiences need to be learned from, and to act on the emerging future (Scharmer, 2007:14). It is a requirement in today's turbulent world for organisations to renew and reinvent themselves if they are to survive (Scharmer, 2007:14).



Scharmer's Theory U suggests that the future will be very different from the past, and that the habitual ways of thinking and acting in the past are no longer relevant. New and alternative social structures should thus be created (Scharmer, 2007:xiii).

Problem solving as applied traditionally means that we revert to established mental models when analysing the problem, and apply the same mental models in solving such problems. We thus selectively interpret problems based on past experience and as such, draw conclusions based on what was done previously (Scharmer, 2007:xiv).

As such, Scharmer (2007:xiv) believes that solving such problems means individuals need to focus more on how "I" and "we" must change in order to allow greater systemic change (Scharmer, 2007:xiv). To facilitate such change, Scharmer (2007:xiv) believes that deeper level of the awareness and understanding of the self and others must take effect.

Senge supports Scharmer's view and believes that current decision making practices draw upon past principles and Senge (as cited in Briskin et al, 2009: vi) further believes that as such, the future has an insignificant impact on shaping and influencing our decisions made today.

Scharmer, (2007:xiv) goes on to highlight levels which relate to the dynamics of such change, which includes "seeing our seeing", which means intelligences of the open mind, open heart and open will. This involves people recognising their assumptions and seeing things differently. A deeper level of attention is further required for people to move away from their traditional experience and to start shifting their reality and seeing what was previously unseen, and start to understand how they limited their thinking by holding onto and maintaining the traditional inhibiting actions of the past. (Scharmer, 2007:xv). This requires people to understand that they cannot face the future successfully if they continue to focus on the trends of the past (Scharmer: 2007:xv). Scharmer believes that individuals are required to change the way in which they see things. In order though for this to happen, it is a pre-requisite that individuals recognise and are convinced that past ways are no longer effective. The author believes that this in its self is a challenge, getting managers and leaders to shift beyond relying on past experience requires an understanding of why this is no longer effective and further how to apply a different, more suitable and relevant methodology..

Scharmer (2007:xvi) thus believes that in order for successful change to occur, all three openings – of the mind, heart, and will as such have to be connected together as a whole. If this occurs, a shift in the very nature of learning occurs, a shift away from habitual learnings from the past (Scharmer, 2007:xvi). Scharmer terms this, “learning from the future as it emerges”.

Scharmer (2007: xvi) is of the view that learning from the future is important for innovation, and requires intuition which welcomes ambiguity and uncertainty. This, he believes, relates to the “open mind”, which requires accessing our intellectual, seeing things with fresh eyes – the “open heart” – which relates to our ability to access our emotional intelligence and to empathise with others (which he describes as putting ourselves in other’s shoes), and finally, the “open will”, which relates to accessing our authentic self (Scharmer, 2007:xvi).

Scharmer’s Theory U can be described as a set of 24 principles that work through five movements that follow the path of a “U”. He defines these five movements as follows:

- The first movement is referred to as co-initiating, which is concerned with the ability to listen to others ;
- The second movement is co-sensing, which refers to going to a place of most potential and listening with an open mind and heart;
- The third movement is co-presencing, which refers to a retreat, a place where one can reflect and allow the inner knowing to emerge and surface;
- The fourth movement is co-creating. This refers to prototyping a microcosm of the issue at hand and exploring the future thereof; and
- The fifth and final movement is referred to as co-evolving, which refers to a larger innovation ecosystem where one has the ability to see and act from the whole (Scharmer, 2007:18-19).

In summary the U process is about observing deeply, connecting to what wants to emerge, and then acting on it (Scharmer, 2007:33). It is about reviewing habitual practices of the past and allowing the suspension of judgment in seeing reality with fresh eyes, seeing the whole and connecting to a deeper source from which the future emerges. It is about envisioning a new future and exploring such a future in the context of a microcosm before embedding the new context within the larger ecosystem (Scharmer, 2007:39).

Scharmer's U-Theory involves a process in which strategies are based on the emerging future, rather than on past experiences. Scharmer refers to this as "Presencing" – operating from the future as it emerges. This approach moves away from the past and enables individuals to re-examine, re-inform and create knowledge "letting be, letting go and letting come." It is focussed on the inner experience of the learner. The name of this theory is derived from the method used to access this source (within the learner), which is a deep dive into one's inner experience and back out, forming the U shape in his theory.

As said previously, Scharmer (2003:2) states that the success of applying this process is very much dependant on the interior condition of the intervener/learner. It is about changing the interior condition of how an individual, organisation or system operates. It is not about learning a new skill; it is about a whole-system practice. This theory states that when faced with new challenges, we often deploy familiar and traditional solutions derived from the past. By applying the same solutions as used in the past, we could get the same/similar response or result. Scharmer believes that the application of past experience in problem solving is no longer appropriate; therefore, we need to respond in a deeper manner by "regenerating" our thinking, which will successfully resolve the situation (Scharmer, 2003:3). Whilst this may be true to a certain extent, there is still place for trial and error learning and learning from the past. However, the skill required from a modern day leader is to understand which approach is relevant at the given time, within a given context.

### **3.2. Theory U and leadership**

Scharmer (2007:11) believes that the essence of leadership is the ability to shift the inner place from which we operate. Today, leadership is about shifting the structure of collective attention, that is the ability to listen at all levels in the organisation (Scharmer, 2007:19). Until recently, organisations dealt with organisational learning by applying what they had learnt from past experience and practice. However, this approach is no longer adequate in dealing with the many complexities that organisations are facing today. Leaders are struggling with these challenges and can no longer afford to just reflect on past happenings, but should adapt and align their thinking by shifting the inner place from which they operate and allow the future to emerge in the way that they learn as individuals and

collectively in the organisation. It is about learning in the here and now and the future as it emerges (Scharmer, 2007:51-52).

Leaders need to approach learning and problem solving in a new light, as they cannot predict the future, based on past trends. A new approach is called for, an increased source of energy is required and a shift to a deeper place. They need to learn and lead by applying the concepts and principles of Theory U (Scharmer, 2007:61-62).

Senge (2006:5) states that the fundamental principles of leadership lie in the deep capacities which only a few leaders have developed. These deep capacities he refers to includes openness of mind, heart and will. For leaders to be effective they must develop open-mindedness in order to challenge others' views and in so doing create shared learning and understanding (Senge, 2006: 7).

Senge (2006:6-7) supports Otto Scharmer's notion of Presencing. He states that we need to build open minds in order to be able to understand multiple views, and that we require open hearts in order to be able to see how we are part of the problem at hand, and in order to accept responsibility for change. This would involve the letting go of the past and letting the future come.

Thus, Scharmer, (2007:xvi) suggests that a different approach to leadership is required to bring about systemic change in today's complex, turbulent times. Leaders can no longer reflect only on the past, especially in the unprecedented turbulent, complex, rapidly changing global context. Leaders have to learn from the future as it emerges. Scharmer refers to this as "presencing", as it involves being aware of the present moment and the ability to link with one's highest future potential. Leaders are required to operate from a more authentic presence in the here and now (Scharmer, 2007:52). Such leadership requires a shift away from habitual past practices and requires leaders to connect deeply with who they truly are (Scharmer, 2007:xvi). It requires pragmatic, engaged leaders who are willing to question their present mental models in order to unlock new, innovative approaches to problem solving and bringing about systemic change (Scharmer, 2007:xviii).

### **3.3. Theory U and applying collective wisdom**

According to Senge, (as cited in Briskin, et al, 2009:v), in our modern era, wisdom has insignificant functional value that has marginalised the concept of the future, where the future is perceived as a concept rather than as a reality.

Senge (as cited in Briskin, et al, 2009:vi) suggests however, that anxiety about the future has begun to emerge, and as such he believes that the concept of wisdom is making a re-emergence.

Senge (as cited in Briskin, et al, 2009:vii) goes on to state that wisdom is created through ongoing reflection and deep a connection with one's self and others.

Senge (as cited in Briskin, et al, 2009:vii) defines wisdom as not consisting of a few wise people, but consisting of communities and the larger whole, that acquaints themselves with making wise choices considering the future.

Wisdom is about achieving long-term results through the collective, where learning is not limited to a single brilliant decision, but the ability to learn through knowledge and insight gained through group and community interactions (as cited in Briskin, et al, 2009:ix). Collective wisdom requires an environment that is conducive to continuous learning where questioning is encouraged, supported by an openness to the application of the imagination, commitment, trust, patience and openness (as cited in Briskin, et al, 2009: ix).

Briskin (2009:2) believe that wisdom allows us, in complex times, to find solutions and make choices more effectively, by working together in groups and larger collectives. This, they believe, calls for a change in thinking and a collaborative approach to learning together.

Collective wisdom applies innovation, change and the openness to new ideas and perspectives, and when such traits are portrayed in groups, extraordinary results can be achieved (Briskin, et al, 2009:9). Briskin et al (2009:11), argue that such collective wisdom cannot merely occur, as a conducive environment should be present to encourage it to emerge. They believe that this environment can be fostered by the way in which we listen and welcome diverse perspectives, and the ability of individuals within the group to

challenge assumptions held by others. It further embraces opportunity for creativity and collective problem solving (Briskin et al, 2009:15).

As such Briskin et al (2009:184) believe that leadership is needed to create an environment that is conducive to apply the concept of collective wisdom within groups.

It must however be noted that collective wisdom, as with Theory U, are both fields of study and practice in their infancy and more practical application is required to assess these theories as plausible.

Hamilton (2004:2) states that Otto Scharmer believes that collective intelligence is a move away from the traditional way of thinking to a different state in which individuals' capacities are actually enhanced, and in which they are connected with their highest future potential. This sees the individual in a group setting, and how each individual's contribution enhances the greater good of the group.

Hamilton (2004:2) believes that it is about coming together in a meaningful exchange on matters of importance. It is a form of dialogue, a new kind of mind based on the development of common meaning. He states that people are not in opposition to one another, but participate in a pool of common meaning which is capable of constant development and change. This enhances the group's ability to suspend the strong views held by individuals, to listen more closely to others, and to speak authentically by entering into a deeper type of engagement. The group may reveal unexamined assumptions behind individuals' thinking and be propelled into a higher level of congruence and a new collective understanding (Hamilton: 2004:2).

According to Hamilton (2004:2) it is important to develop a trusting and supportive environment in which diversity is honoured and every voice is given an equal hearing. Admittedly this describes an ideal setting, with the setting aside of personal agendas and allowing the group to unite for unexpected potentials to emerge. The group becomes a safe space where everyone is acknowledged, heard and valued under one common purpose. As the group connects and collective intelligence emerges it gives rise to diverse and creative ways to solve problems. When groups are attuned to their collective wisdom (that is, of the shared experience base and knowledge of the group), this also gives rise to faster decision making. Collective intuition seems to be the capacity for truly original

thinking that can lead to breakthrough solutions. It is about individuals within the group moving from independence towards interdependence (Hamilton: 2004:2).

In this light, it would be highly recommended that Company X draws on the collective minds within their teams and explores a more innovative approach which should enhance problem solving, innovation and decision making - that of the collective intelligence. And doing this however would require an understanding of collective wisdom, its approach and benefits. It would require leaderships understanding, buy-in and role-modelling.

Trusting the collective judgment of teams within Company X may be difficult to start with, but in the long run it will give us the best chance of making better, faster and more innovative decisions. This is therefore an opportunity for the Company X to start trusting individual leaders and experts less and teams and groups more.

“Call it collective consciousness, team synergy, co-intelligence or group mind”, Hamilton (2004:3) suggests, but in essence this is about the whole being greater than the sum of the parts. This is when individuals come together with a shared objective, in a conducive environment, where the group’s intelligence far exceeds that of the individuals involved.

In these groups, people have access to a knowing that is bigger than the individuals experience individually, where they have the ability to communicate more broadly and where creativity is enhanced (Hamilton, 2004:3). Hamilton believes that in this setting the power of the collective is utilised towards the resolution of complex organisational problems, as teams facing common tasks can access higher levels of productivity than individuals with individual limitations.

Tapping into the wisdom of the crowds is certainly a proposal for Company X to strongly consider in their efforts to ensure front-line team autonomy, problem-solving and effective decision-making. This would practically entail teams to apply collective listening, that is, listening to their colleagues, applying team decision making and group learning and coaching. Surowiecki (2005:xix) defines this wisdom as emanating from within teams or groups. He refers to any group of people who collectively make decisions and solve problems as a crowd. In line with this definition, Company X can be seen as a crowd and so too can the smaller functional teams. These groups or teams seek to produce solutions to complicated problems. With the focus of Company X on front-line teams led by

empowered front-line supervisors, a shift has to occur to enable these teams to function more autonomously and with the ability to effectively and innovatively solve problems through enhanced teamwork.

If Company X strives towards a culture of continuous improvement, innovation and problem solving, then it should be tapping into the collective wisdom of the teams to do so. Tapping into the wisdom of crowds, or in this case, group intelligence, is not about a team having to reach consensus when making decisions. It is about the potential disagreements that emerge - it is about what Surowiecki (2005:xix) calls "the average opinion of the group." It is about harnessing the diversity of the group to bring about the best collective decisions through disagreement and contest, not consensus or compromise (Surowiecki, 2005:xix). According to Surowiecki (2005:11) organisations such as Company X should understand that the individuals within the teams hold a nearly complete picture of the world in their collective brain.

Company X must shift from the traditional approaches of problem solving and decision making, which leaves decisions in the hands of a few experts. Organisations today assume that true intelligence resides in a few individuals only and that the right person has the ability to make all the difference. However, according to Surowiecki (2004:32), larger groups of diverse individuals can come up with better and more robust, intelligent decisions. This does not, however, mean that expert advice should not be sought. It means that their input should be pooled with that of others. Surowiecki (2005:36) believes that individual judgment is not accurate or consistent enough for effective decision making, and he believes that diversity in thinking within a team allows decisions to be made in innovative, novel ways. Surowiecki (2005:276) refers to the internet as a good example of applying the wisdom of the crowds, where information emanates from many diverse individuals and can be accessed by many individuals, allowing a variety of topics to be shared and can be found across a range of different internet sites and pages.

Company X would have to remove some of the obstacles that may stand in the way of applying the wisdom of the crowds and collective decision making, especially the mindsets and mental obstacles to this innovation. One of the benefits that could accrue from this change may be an improvement in the chances of finding information that they didn't know was out there. It would also minimise the impact of mistakes that individual's might make.



Individuality and independence are common traits in a western society. People fear the collective because they fear losing their individuality, and they therefore often overlook the benefits of the creative ability of the group. This would be a constraint in implementing this kind of thinking within Company X currently, given existing mindsets.

Chris Bache, a consciousness researcher, acknowledges that individuality is extremely important from an evolutionary perspective, but that individuals develop in relation to other minds (Hamilton: 2004:3).

### **3.4. Applying Theory U in modern organisations**

Learning to cope with change starts from within. Changing a part of the organisation or an individual leads to changing the organisation, the system or the whole.

Companies today are very good at analysing - analysing what went wrong, analysing what we should do, analysing aspects of culture, team work and leadership - but we are not that good at intuition and dreaming. How can we access these kinds of insights that allow us to be the vehicle of breakthrough innovations if individuals and leaders are not given the opportunity to effectively apply this model? By applying this model, we can gain insight into our most complex problems, developing capacities and the right conditions which have been marginalised in the western culture.

According to Hassan (2006), the U-process is an attempt to re-legitimise these capacities, to complement our rationality with non-rational ways of knowing. It is based on a belief that there are multiple ways of coping with highly complex problems. We too often deploy solutions that are habitual and most familiar to us. We react. These reactions to problems are not always appropriate. At times we need to respond in a deeper, more thoughtful way, one that sets the stage for true insights to emerge (Hassan, 2006). The U process offers an understanding of this regeneration and what it means and how to get there.

In the past few years, Company X and the industry of which it is a part, like many others, have undergone immense change stemming from changes in the market place, changes in the industry, legislative changes, changes in leadership, and in supply and demand for our product.

This profound change has been somewhat different from the minor changes of the past. With increasing change comes a need for continuous learning. We must learn to understand, guide, influence and manage challenges and to face up to the necessary changes. Scharmer's U-Theory and the concept of presencing could play a major role in assisting us to reposition ourselves today, in order to compete effectively tomorrow. This theory could be applied to individuals and the entire organisation alike. It is a systems approach. It could be applied by leaders who embark on the journey of continuous, often large-scale change. However, this may be easier said than done. Leaders would have to lead the way, would have to embrace this approach and create the space where others can follow, allowing time to reflect, sense, pilot and implement solutions in a more innovative and creative manner. This requires leadership commitment and a supportive environment, coupled with a full understanding and appreciation of the process. "Leadership is the capacity to shift the inner place from which a system operates. Accordingly, the most important tool is the leader's self, his or her capacity to perform that shift." (Scharmer, 2003:3).

Due to the many evident challenges faced by organisations, an innovative way of dealing with employee demands is required, which stem from their modern life-style. This calls for investigating creative, flexible and innovative responses to employees. The culture of the organisation, the environment and the support processes must be conducive to this particular type of learning. Individual and team learning processes at all levels must be connected to the organisation's strategic objectives. One method of supporting this would be to encourage the creation of learning pathways and development plans that embed concepts of Theory U into the very fabric of the learning methodologies and materials. This will call for a revision of how training is performed and how learning is facilitated. One would still continue to ensure that development processes are aligned to the individual's growth areas and would link and contribute to the team's / organisation's strategic objectives. Another method is by cascading performance objectives to the overall objectives of the organisation. Learning has to be holistic; one has to continuously be aware of the impact of the learner's actions upon others and their impact on the system as a whole.

The learning organisation is an ideal for which organisations have to strive in order to respond to the complexities and challenges faced in our modern times. Living in a time of global crisis requires businesses and individuals within these businesses to operate in a

different manner in order to deal with these challenges, thereby actualising the full potential of individuals through their relationships, in the collective and organisational context. Learning organisations require total employee involvement and commitment. They are collectively accountable to change the direction of moving towards shared values and learning. It requires sophistication and maturity in the thinking of managers if they are to be able to lead and role-model personal mastery and to create a conducive, supportive environment. This could be achieved by the alignment of people processes, appropriate management and leadership styles to influence the organisation and the identification of the required behaviours and attitudes to drive the desired behaviour associated with a culture of continuous improvement and learning and in addition the application of different learning methodologies. Their business strategies must be based on the emerging future, which would require committed, innovative leaders, supported by a culture of learning and innovation.

Company X's current intellectual paradigm is still dominated by scientific positivism, which claims that only what you can observe in concrete reality (that is, out in the world) is considered worthy of empirical scrutiny, because you can objectively measure it. Scharmer's term "presencing" may not be considered as measurable. Company X's leadership are of the view that if you cannot measure it you cannot manage it. This may well pose a barrier to Theory U's acceptance.

Another perceived barrier to the implementation on Theory U is taking such theory and turning it into practice. Whilst Scharmer's writing is considered inspirational by many, one would have to question the likelihood of turning such theory into practice.

However, Scharmer's Theory U could very well be the answer to ensure business success into the future; which could be applied by interventions focussing on a mind and culture shift in an organisation's approach to learning. Human resources professionals and leaders would need to influence this and lead the way. This is important to creating and sustaining the kind of successful 21st century organisation. "The crisis of our time isn't just a crisis of a single leader, organisation or country. It is about the dying of an old social structure, an old way of institutionalising and enacting collective social forms" (Scharmer 2003:3).

Over and above the collective response to the challenges stated above, leaders in organisations play a vital role in enabling the organisation to embrace the future. How then should leaders and managers alike respond, when management as we know it is antiquated in its approach and response to organisational challenges? What is the future of management? How should our leaders adapt?

#### **4. The future of management – the quest for a mental revolution**

How has management evolved over time? What has changed in the way managers manage?

Brown (2007:24-29) believes that modern organisations still reflect organisational structures invented in the 20<sup>th</sup> century, supported by management practices that were invented in the 20<sup>th</sup> century.

Hamel (2007:14) supports Brown's view and believes that Weber's management traits of control, precision, stability, discipline and reliability, formulated over a century ago, are still prevalent in most organisations today. These are typical traits of a bureaucratic organisation and management style. He further believes that many managers today work hard to improve on the effects of such a management style; however, very few managers today have been able to come up with any alternatives (Hamel 2007:14).

As does Hamel, Stacey (2007) challenges traditional managerial practices, believing that the traditional approaches to management – those of planning and control – are outdated, and that alternative perspectives should emerge. Stacey suggests that one should not attempt to learn from the past, but that everyone should participate in forming the future through the crafting and actioning of ideas in a participative and innovative process (Wang, 2008:4).

How then has leadership evolved over time? Engineering Management (2007:41) summarises the evolution of leadership and leadership theories through time. In essence, the 1920s were characterised by influencing people through an individual's natural leadership traits. The 1950s focused on the leader's ability to influence people by means of demonstrating a style of behaviour that involves a concern for both task and people. Following this era, leaders of the 1970s influenced people by demonstrating different

styles depending on a range of contingent factors, termed situational leadership by Hersey and Blanchard in 1988. The 1980s focused on transforming organisations by managing meaning, and this was followed by transformational leadership in the 1990s. Transformational leaders are characterised as charismatic, motivational leaders who create vision and facilitate change. The 2000s are seeing the emergence of dispersed leadership theory, which focuses on the development of leaders at every level of the organisation, leaders that can continually adapt to strategic challenges (IET Engineering Management, 2007:41). Given today's economic climate and the complexity of the environments businesses find themselves in, a new and alternative way of thinking and new leadership practices are required in order to deal with change effectively (IET Engineering Management, 2007:41).

Hamel (2007:56) believes that there seems to be something in modern organisations that diminishes innovation, the new ways of work and creativity. The culprits, Hamel (2007:56) believes, are current, antiquated management principles and processes that foster discipline, punctuality, economy, rationality and order, yet place very little value on creativity and innovation. He believes that although many people go to work each day many of them don't really add value to the business, resulting in organisational underperformance.

Managers today find themselves in a dilemma, having to manage people by overseeing them and controlling them. However, Hamel believes that it is precisely human creativity that is least manageable. Thus it is required by managers today to be less authoritative and commanding; it is more about empowerment and less about checking up on the people they manage (Hamel 2007:60).

In recent years there has been a lot of discussion about involvement, empowerment, enabling, and self-direction. But the question Hamel (2007:61) asks is relevant: has the level of the liberty of first- and second-line employees dramatically changed over the past years? Do they really have greater discretion?

He urges us to imagine a company where front-line employees run their units as mini businesses, where they decide what equipment is required and when, and where team members put pressure on individual performance and have final say over new recruits. He also describes an organisation called Whole Foods Market in which every employee

knows what the others get paid. He is of the opinion that there are few very successful 20th century world class organisations that manage and lead differently today. (Hamel 2007:22).

So what sets these perceived successful, contemporary companies such as Toyota, Whole Foods, WL Gore and Associates and Google apart from their competitors? He believes that their success can be attributed to their great products and the way in which they execute their strategy, but also that what further sets them apart is their management innovation capability.

#### **4.1. Management innovation**

DeCusatis (2008:155) believes that global innovation has never been more evident than it is in the current economic climate. Many organisations are investing in innovation to some degree or other, and in varying formats, in order to add value to the business's bottom line. Many companies currently consider themselves innovative, but lack the understanding of how to translate such innovation into actual business value (DeCusatis, 2008:155). It is the responsibility of the leaders within organisations, he says, to create a culture that enables innovation.

If so, how then do managers and leaders become management innovators? How do they create and manage a conducive environment that fosters innovation? According to Birkinshaw (2007:47), research suggests some factors which will enable this process. Firstly, he suggests that awareness and a commitment to take management innovation seriously are prerequisites to enabling management innovation. Secondly, organisations must respond to challenges by fostering a problem-solving culture. He thirdly suggests that experimentation should be allowed where ideas are tested on a limited number of people on low risk problems. If they do these things, organisations will become enabling and innovative in their approach to problem solving and management innovation.

There are some examples of innovative, empowering and enabling companies which Hamel (2008:5) refers to. These companies are leaders in their industry and very successful ones at that. Hamel (Ibid.) refers to Whole Foods as a company that innovates, empowers and enables its employees. He describes their approach to management as

one that represents democracy and discipline, trust and accountability, and describes this as a company with major internal competition and a very unique and effective management system (Hamel, 2007:72). It is difficult for any other company to copy this company's operating and management model, making it an extremely successful company. Over and above this, what makes it stand out is its internal competitiveness. However, Hamel (2007:77) believes that over and above this, what actually differentiates them from their competitors is their unique and very different management model, an unconventional management model at that.

Hamel (2008:5) describes how teams function within Whole Foods. He describes them as autonomous, having decision-making authority over staffing, targets, product pricing and selection, and says that they operate as a profit centre which is rewarded for meeting or exceeding its targets.

He further explains that the team members manage one another's performance and that team performance is transparently communicated across the company (2008:5).

Innovation thrives at Google it is believed that this is due to the fact that they do not have bureaucratic authorisation processes in place limiting the approval of innovative ideas or projects. Hamel (2007:102) states that key components of Google's success include a flat hierarchical structure, a network of lateral communication practices, a robust reward system which focuses on the rewarding of innovation, their team-focused approach to production, and their focussed effort in putting their customers first.

Hamel (2008:5) believes that there are a few companies currently that have shifted their mindsets and moved away from conventional management practices. He encourages organisations to question the future of leadership within their organisation. To ask this question, he suggests that organisations should start by challenging current and past practices and should create an enabling environment that embraces experimentation, innovation and creativity. This is leadership innovation that should be evident in principles, processes and practices which would further require a change in leadership action in order to direct the company into the future, thereby equipping it to adapt to rapid strategic change.

Having a competitive advantage is not as important as having an evolutionary advantage over time, an advantage that ensures that an organisation remains competitive not only now, but into the future, being agile in their ability to change and adapt to their every changing and dynamic environment. Leadership innovation is the key to achieving this.

Management innovation greatly benefits the organisation and changes the way organisations manage. The author is thus of the opinion that innovation fosters employee engagement and enables job satisfaction and employee retention, as is evident in Whole Food's ranking, placing them as the fifth best company to work for.

The redistribution of power is one of the primary means for making organisations more adaptable and more innovative (Hamel, 2007:97). He argues that there is nothing preventing modern organisations from being empowering, innovative and adaptable, and free from management bureaucracy. As he puts it, "It's time for you to buckle down and start inventing the future of management." (Hamel, 2007:121).

#### **4.2. Management innovation and continuous improvement**

Hamel (2008:5), states that the current, antiquated management practices of today put a damper on innovation and creativity, as managers manage by control, command, close supervision, detailed role descriptions and regular activity checking. Management innovation is thus key to enable such companies build a durable competitive advantage.

Hamel believes that management innovation has subsided in the past 70 years and that top executives of companies today claim to be champions of innovation, but that this is not really the case. In fact, managers do not see themselves as inventors and innovation is not seen as part of their role. Innovation must be part of everyone's job, specifically when organisations are facing today's challenges, which are characterised by the accelerated pace at which they occur and their great impact. These challenges should be at the top of the management innovation agenda, if organisations are to remain complete and innovative, changing with the times.

Significant change efforts in the past have nearly always been crisis-led, episodic and programmatic, as has been the case in Company X. It is rarely the case where



organisations learn and adapt in a continuous improvement manner. It is an imperative in today's world that organisations continually renew themselves, meaning that organisations must be responsive to change such that it becomes an automatic process, rather than a crisis-driven, episodic process.

Hamel (2007:43-44) lists factors that form barriers to timely and continuous improvement and renewal efforts. These factors include the fact that managers often ignore the importance of strategic review and alignment, not seeking alternatives to past practices and the rigid, hierarchical structures that seem to prevail. These challenges should be addressed by making innovation core to the management agenda, so that traumatic and episodic change no longer occurs.

Management at all levels must create an environment and sufficient time for the embracing of innovation, thus giving employees the freedom to innovate (Hamel 2007:64). These are real challenges that leaders and managers must respond to if they are to face the future with confidence.

So why, then, is management innovation so important? Why must companies continue to reinvent themselves and continuously change?

Hamel (2006:9-10) responds by stating that leaders have to acknowledge that renewal allows for continuity. Many companies admit to having innovation systems in place, but very few can describe them. Many leaders pay lip-service to innovation and do not have a well defined innovation model. This is exactly where Company X finds itself. The intent is to push innovation, but how has the innovation system been defined? How has capability been build around innovation? How have leaders driven the need for innovation in a context where it is ill defined, and have they created a conducive environment free from bureaucracy and managerial paradoxes?

The role of the leader in the innovation process is to be the editor of the ideas that emerge from the organisation, and the crafter of strategy - to seek patterns in the ideas that emerge, and direct the organisation into an innovative, successful future. Birkinshaw (2007:47) believes that managers and leaders need to be open-minded and open to new ideas, to be able to experiment with new things, and to be prepared to fail when attempting such endeavours.

DeLisi (2006:139-140) is of the view that Hamel fails to address how the organisational culture may inhibit or enable such innovation. DeLisi refers to his own experience in dealing with a number of firms in a consulting capacity, where he believes that Hamel's ideas would be compromised in some corporate cultures. Such corporate cultures may very well limit the creativity needed to bring about innovation (DeLisi, 2006:139–140). DeLisi goes on to define what characteristics are required within a corporate culture to enable management innovation (DeLisi, 2006:139–140). He says that innovation will be hampered in organisations that are risk averse and reactive, and where conflict is avoided. In order to successfully implement some of Hamel's very practical ideas, DeLisi is of the view that management innovation can be successfully implemented only if enabled by a supportive organisational culture, one that is open to risk-taking and experimentation, that is proactive in its response to problem-solving, and has the ability to deal with conflict.

#### **4.3. Leading the next generation**

The nature of both innovation and management innovation is rapidly changing. Over and above this, the emerging generation of innovators is influencing the workplace (DeCusatis, 2008:155).

Multigenerational workforces are evident in the workplace today, and different generations have different expectations. Traditional organisations still portray and possess traditional hierarchical structures with top-down communication approaches which are no longer conducive to the environment required by the upcoming management innovators of this generation (DeCusatis, 2008:158).

The boundaries between the different generations in the workforce are fast fading (DeCusatis, 2008:158).

Given this, over and above the need for a mental revolution in that management needs to change, seeking new alternatives to the traditional bureaucratic leadership style of control and command, another very real challenge that companies face is leading the next generation. Melchar et al (2008:28) believe that organisations are faced with having at least four different generations in the workplace at the same time. These different generations require different leadership styles. For Company X, this is also a real

challenge. The management style of the older generation is characterised by command and control, inflexible working arrangements and bureaucratic management practices, but the younger generation requires something different.

The younger generation is differently motivated. Heidrick and Struggles capture this quite eloquently:

“Generation Y, those born between 1977 and 2005, have grown up with computers, show no fear of technology, take risks and are media-savvy and brand conscious. They are an online generation whose new social spheres are networking sites such as MySpace and FaceBook. Within a few years, job podcasts by even the most conservative of companies will become a reality.”

Heidrick and Struggles, 2007:17

As does DeCusatis, Melchar et al (2008:28) agree that we can see four generations of workers interacting simultaneously in the workplace for the first time. The question asked (Melchar et al: 2008:28) is whether the leadership style of the older generation will be accepted by the younger workers. Melchar et al (Ibid.) further believe that many leadership theories of the past may have been successful; but they do not appear to be as successful in the managing of a multigenerational workforce. Various generations require their needs to be met in different ways, ranging from the baby boomers born between 1945 and 1965, who require strong coaching as an example, to Generation X, born between 1965 and 1980, which require ongoing cooperative performance management, and Generation Y, who prefer autonomy, close mentoring and encouragement.

Melchar et al (2008:28) believe that the one management theory that has not been adequately tested empirically is that of servant leadership and that this may be a possible solution for all generations.

Servant leadership, a philosophy and practice of leadership as coined and defined by Robert Greenleaf in the 1970's, is referenced by Melchar et al (2008:28) as a leadership style that tends to focus on others rather than on the managers themselves. This leadership style takes on the form of a servant, which aims at attending to the needs of others. This is defined as supporting leadership by Company X.

Melchar et al (2008:30) believe that servant leadership is a possible leadership style that could be effective for all workers regardless of their generation due to its characteristic of focusing on the follower rather than on the leader as such.

Company X has taken the decision to adopt characteristics of servant leadership, but is still to ascertain exactly what that means for the organisation. They have, as said earlier, referred to this as supporting leadership.

#### **4.4. Why Servant Leadership?**

If one is to consider the diverse challenges that most organisations are facing, a critical question then should be which leadership style is the most appropriate to deal with these challenges? As Kumuyi (2007:18) states, South Africans, both in society and in organisations, find themselves in the process of correcting a past where different people with different cultures were inequitably treated. In an endeavour to manage this transition at both a societal level and organisational level, servant leadership, according to Kumuyi (2007:18) may very well be the answer. Since servant leadership is aimed at the majority, the collectivist mindset, this approach would be more appropriate in addressing the inequalities suffered by the majority of South Africans, particularly since the majority of positions held by the lowest ranking levels of organisations are still largely held by black South Africans.

Kumuyi (2007:30) agrees with Melchar et al (2008:28) that the servant leadership style offers an alternative approach which is characterised by leading others by serving their interests. This style, according to Kumuyi, is typified by ensuring that people's highest needs are served.

Kumuyi (2007:30) views the organisational management style of servant leadership as a shift away from the traditional top-down hierarchical style of leadership. He says that servant leadership evinces characteristics such as collaboration, trust, empathy, teamwork and empowerment, the ability to listen and the ability to build a learning community.

However, is servant leadership everyone's natural style, and can everyone be a supportive leader? Kumuyi (2007:30) states that it is not something that a leader can be taught, but a

natural, inborn leadership style. As in the case of Company X, Kumuyi (2007:30) also believes that one criticism of this concept is the terminology. The word “servant” has a slave-like connotation. Company X has acknowledged this and has therefore attempted to implement servant leadership characteristics, but under the banner of “supporting” leadership.

Can all leaders adopt this style? Is it the most suitable style? Does one only serve? Is there no place for a balance between serving and commanding when necessary? These are the questions that Company X is currently grappling with, as it looks for a way in which to change the organisational culture from a bureaucratic, control and command, top-down hierarchy to one conducive to an environment in which all employees at every level are empowered, enabled and supported by their “supporting” leaders.

Kumuyi (2007:30) states that although servant-leadership is a style that considers others when leading and making decisions, it does not mean that no one is in charge. Leadership still fulfils the role of leading and guiding, but in a more supportive manner. Many critics, according to Kumuyi (Ibid.) feel that this leadership style is in contradiction to the achievement of company goals and objectives, but he believes that it may very well be the style that harmonises organisational goals by preventing workers from being dissatisfied and aligning the objectives of the organisation and the workforce. This leadership style should therefore not conflict with the setting or reaching of organisational goals as the critics suggest, as many industrial disputes are traced back to worker dissatisfaction through the fact that leaders presently make decisions in a non-empowering, non-collaborative manner, with the result that decisions made conflict with worker interests.

Company X could have a truly winning leadership and management formula if it were to blend the approaches of Scharmer’s Theory U relating to personal mastery and seeing the future as it emerges, with traits of servant (or supporting) leadership and with Hamel’s description of what is expected of management going into the future. If Company X’s leaders were to adopt a supportive leadership style, by being collaborative, trusting, empathetic, team orientated and empowering and in addition the leaders are to draw upon different mental models and methods of problem solving and decision making by opening their mind, heart and will, a more conducive culture will be enabled to allow a change in

organisational learning, a culture of continuous learning, a winning formula for organisational success.

Supporting leadership is the targeted leadership style in Company X, but it has to be better defined in the context of the desire to implement lean manufacturing principles and the need for continuous business improvement.

If this culture is to be defined, crafted and aligned with the organisation as a whole, then it is important to understand how to go about successfully implementing lean processes, and how to create an environment in which this concept can lead to the achievement of business success.

## **5. Implementing lean – the foundation, hindrances and challenges**

According to Sim et al (2008:28), given the challenges facing organisations today, in particular the economic slowdown, and in order to remain competitive, organisations have to learn to produce more with less.

Neese (2007:50) states that the Toyota Motor Corporation is an example of this, and is a market leader because of its implementation of lean production systems that focused on increased efficiency, the elimination of waste and the improvement of production processes.

To recap on the lean concept, Neese (2007:50) defines lean manufacturing as “the continuous process of reducing muda (waste), mura (unevenness of workload) and muri (overburden of man and machine) in manufacturing operations to improve overall customer value by focusing on speed, flexibility and quality.” He refers to recent research conducted by the Aberdeen Group which concluded that 90% of the manufacturers surveyed reported that they were committed to the concept of lean. However, fewer than 10% of these are actually practising lean manufacturing principles. Lean is a highly effective process in increasing value for customers, but few companies appear to be getting it right. It is the researcher’s view that in theory, the concept of lean appears to be sound, while in practice, it has not as yet been mastered by organisations in turning such idealistic theory into practice.

The concept of lean manufacturing means that cross-functional teams are empowered and accountable for identifying and reducing muda, mura and muri to ensure continuous improvement efforts (Neese, 2007:50). Neese (2007:50) states that lean must be embedded into the company culture and across all levels of the organisation, if it is to be successful. Further to this, Neese (2007:50) states that lean tools and training on the concepts of lean are an imperative for all levels of the organisation to understand and apply. Creating a lean culture is a continuous process, Companies can and will gain tangible business benefits and cost savings through commitment to lean principles.

### **5.1. Leading the lean organisation**

Having an appropriate management and leadership style in place and understanding the need to change the way in which organisations and management conduct business is but one part of the task facing Company X. The other part is effectively leading in a lean organisation. As previously stated, Company X embarked on their lean journey some 18 months ago. Whilst the technical and production processes have been defined and are currently being successfully implemented, the people aspects of change and what Lean means to the organisation - that is, its impact - needs further exploration.

The following literature review will focus on the leading lean organisations, how to create a lean culture, and how to facilitate this change process effectively.

Modern, more agile and lean organisations are responding to the many complex organisational challenges by implementing flatter structures and embracing new, more appropriate leadership models. These organisations are typified by empowered employees, performing as teams within networked relationships. In the implementation of lean, according to research at the Cardiff University Innovation Manufacturing Research Centre (CUIMRC), in order for lean principles to be successfully implemented and sustained, leadership commitment is required and a leadership style that can effectively lead the organisation to ensure such success (IET Engineering Management, 2007:40). This article poses the question as to whether or not the role of leadership should change during the initiation and implementation of lean. The article defines leadership as the ability to influence people and the willingness of followers to comply (IET Engineering Management, 2007:41).

Like Hamel, the article states that a fundamental change is required within the organisation, where roles, ideas, information and reporting structures must be changed and aligned in order to form a more collaborative organisation (IET Engineering Management, 2007:42). It further states that communication barriers have to be broken down, transparency of information must increase, and information must be readily available to all in the organisation. In order for this to occur, a shift has to occur in that cross-functional teams should be dedicated to problem solving and the elimination of waste in order to optimise processes (IET Engineering Management, 2007:44).

Lean also requires a culture shift to support its philosophy. This would mean that lean leadership must be promoted and adopted across all levels of the organisation. Leaders should be fully aligned to the vision, have a thorough understanding of the vision, the values and the required behaviours of the organisation, and effectively and clearly communicate and engage with employees at all levels (IET Engineering Management, 2007:43).

According to the research conducted by CUIMRC, sustainable lean change depends on strong, committed leaders, who communicate clear reasons for change and visibly demonstrate desired and aligned behaviours and values. When driving organisation-wide strategic change, and in communicating the need for change and the desired changes, strong, influential and committed leadership is required. Once this change has been implemented and is sustained, a more adaptive leadership style is required to drive continuous incremental improvement (IET Engineering Management, 2007: 43).

The traditionally structured organisation, referred to as the “pyramidal” organisation by Taylor (2008:3), is described as being driven by rules, and involves managers’ closely managing staff that perform routine functions. Taylor (2008:4) explains that bureaucracy is appropriate in predictable and stable environments but that it does not perform well in turbulent, uncertain environments, where innovation, creativity and risk-taking become an imperative if organisations are to survive.

Evident in organisations today is the movement away from control and command type structures and leadership styles. According to Taylor (2008:5), control stifles innovation and empowerment. However, Taylor (2008:5) goes on to state that too little control is also not ideal. He believes that leadership styles of control and command and innovation and



empowerment need to be balanced. It will still be required of managers to exercise some degree of control when necessary. Taylor (2008:6) states that innovation has occurred in many modern organisations. He provides an example of innovation being driven by processes such as lean manufacturing, which is what Company X is currently implementing. In addition to implementing lean manufacturing, they are also attempting to strike the ideal balance between control and command and innovation and empowerment.

Taylor (2008:9) believes that a major challenge for leaders is to maintain stability in the organisation whilst having to deal with a changing environment in a chaotic world. Managing uncertainty and complexity can be achieved by innovative and responsive leadership (Taylor, 2008:9). "Our world is a complex one, with many 'new' realities. Our capacity to deal with these is important for survival. Such is the challenge of leadership." (Taylor, 2008:11) Implementing and sustaining lean management requires enabling and promoting a clear strategy and alignment of strategic objectives across operating units, supportive leadership, and correctly channelled and effective engagement and communication.

The lean organisation is defined as an organisation that has worked for at least one year with lean methods involving a focus on the lean values of continuous improvement, customer service, and employee empowerment (van Dun, 2008:4). The researcher does not fully agree with this definition as working with lean methods does not necessarily imply effective application or successful implementation of such methods, i.e. such as by adding value to the organisation's operational efficiency and contribution to the bottom line. The researcher is thus of the opinion that an organisation may only be defined as a lean organisation when measurable and quantifiable evidence over time suggests successful application of lean methods, and where success is as a direct result of lean methodologies. This may in itself be difficult to prove. Findings from a research study conducted by the University of Twente defines the ideal lean manager as possessing the competencies of active listening, visioning, informing, building trust, actively providing support and encouragement, facilitating learning by team members, and modelling the desired behaviour. The lean manager will be supportive, a true team member, empathetic, and will strive for continuous improvement.

It is suggested in the literature above that a blend of Scharmer's Theory U, Hamel's future of management ideas and a supporting leadership philosophy could fully support a lean environment.

The focus in the literature that follows will be an attempt to gain an understanding of the Toyota culture, the Toyota Way and its management principles (of philosophy, process, people and problem solving) so as to assess the applicability and compatibility of the Toyota system to Company X within the South African context. Concepts that will be specifically noted are the concepts of leadership, empowerment of the front-line, and principles relating to a lean culture.

## **5.2. Understanding the Toyota culture**

What defines the Toyota culture, making Toyota the truly successful and unique company that it is today? The following concepts will be explored in the literature that follows.

When studying a culture, anthropologists observe firstly how the relevant people currently live and behave, they see the artefacts, interactions amongst people and the hierarchy and then only can they start to fully understand the business culture and story of the organisation. It is therefore important to fully understand the current culture in order to define the magnitude of the shift required between the current and desired culture.

Liker et al (2008:5) define culture as "the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

The culture of an organisation determines how employees in the organisation perceive, think and feel (Liker et al, 2008:6). It is a common understanding of norms and values and underlying assumptions which partly determines behaviour in the organisation (Liker et al, 2008:6).

Achieving an aligned, dominant culture which permeates all levels of the company is difficult. It involves inculcating the desired way with all the employees across the

organisation. It involves deep engagement with the employees and the equally deep engagement of the employees with the organisation. Toyota describes this as building the DNA of the company.

According to Liker et al (2008:5), Toyota prides itself on being a learning organisation, a fact which has enabled it to duplicate and implement its culture elsewhere in a short period of time. Toyota's version of its culture, however, does vary from country to country, but what is important is that a core set of principles and practices are evident in all of their companies across the globe. This takes time and patience to develop, implement and sustain. Many companies have implemented lean projects, yielding evidence of short-term wins, but they struggle to maintain such gains over the longer term (Liker et al, 2008:5). What makes Toyota different is its supporting culture, developed over many years, that sustains these concepts over the longer term.

Hamel (2007:23) refers to Toyota as being the world's most profitable car manufacturer, and believes that much of its success can be attributed to its quest for efficiency and quality. Toyota's capacity to continuously improve allows its employees to work towards solving complex problems (Hamel, 2007:23). The Toyota Production System is also referred to as the "thinking people system." An example of its quest for continuous improvement lies in the company's improvement process, where for example, Hamel (2007:23) states; they received more than 540 000 ideas for improvement from their Japanese employees alone.

Toyota's leaders believe that the company's first-line employees are more than mere cogs in a soulless manufacturing machine, and that given the right tools and training they become problem solvers, innovators and change agents.

In Toyota's quest for success it has defined three levels of culture (Liker et al, 2008:6) namely:

- what is seen, which refers to the dress code, organisational charts, mottos, logos and the physical layout of the company;
- what is said, which refers to the reason why things are the way they are in the company, with reference to the company's philosophy, norms and rationale; and
- what is deeply believed and acted upon, which refers to assumed beliefs about the organisation, its purpose, its people and reward structures.

It is important to note that culture is crafted over time; it does not just happen overnight. Company X has to come to terms with this concept as it is often impatient and expects rapid culture change to occur. Take Toyota for example here, where the Toyota Way has been evolving since the company's conception in 1926.

An interesting question was raised in Chapter One. This question referred to whether a company outside of Japan can learn from Toyota, given that Toyota's roots run deeply in the Japanese culture. Liker et al (2008:12) state that Toyota had to ask exactly the same question, as its operations branched out across the globe. They tell us that Toyota operated only in Japan for most of its years, and did not at the time document the Toyota Way as such. Then as they expanded globally it became necessary to document what made their company a success - to document their DNA in order to be able to replicate its success in all of its operations. This, according to Liker et al (2008:13) took ten years to document. It should be noted that organisational culture evolves over many years, if not decades, which is why companies such as Company X must be patient in their quest for culture change.

However, over and above this, Liker (2008:16), believe that the exact culture of Toyota could not be replicated exactly across the globe, and hybrid cultures have been crafted in the other countries in which it operates.

Liker et al (2008:19) believe that Toyota has to continuously work hard to sustain the culture and ensure continuous alignment at all levels across the organisation and across the globe. They use every opportunity to socialise employees and teams alike into their way of thinking (Liker et al, 2008:19).

### **5.3. Toyota's DNA explained**

Whilst it must be acknowledged that Toyota has experienced some challenges in replicating its culture across its global operations, it must be noted that, according to Liker et al (2008:32), it has not compromised in transferring those elements of its DNA to other countries. Toyota continues to teach the Toyota way throughout their global operations through training, on the-the-job mentoring and consistent leadership practice (Liker et al, 2008:33).

Employees are enabled to solve problems and learn by continuous support and commitment of their leaders (Liker et al (2008:50). Their leaders, in addition, integrate the Toyota principles, practices and values into everything they do (Liker et al 2008:71).

Liker et al (2008:103) mention that the attraction, selection and induction of quality employees throughout the organisation are critical components in growing and embedding the Toyota culture.

Toyota maintains the quality of the job performance of its employees by ensuring that it has standards and systems for every aspect of its training curricula, reaching all employees, both newly appointed and current (Liker et al, 2008:146). The practice of continuous improvement, innovation and standardisation throughout Toyota is unrelenting throughout all levels of the company (Liker et al, 2008:186).

Liker et al (2008:259) believe that teamwork is both supported and encouraged at Toyota. It is built into their practices, procedures and policies, and new concepts are measured as part of their planned cycle of performance management. Liker et al (2008:260) add that teams engage in problem solving on a daily basis.

Liker et al (2008:315) describe how clear company objectives, expectations and activities are clearly communicated to all, creating an environment where ideas can be expressed and incorporated into the improvement process. They add that the role of the leader is to remove barriers that may hamper employee growth and performance (Liker et al, 2008:315).

Liker et al (2008:355) portray Toyota's leaders as supporting and acting out the desired culture by remaining true to their DNA in word, thought and deed. Servant leadership is how Toyota's leadership can be defined. Their leaders' role is to empower and support the value-adding workers at the front-line (2008:335). Attracting and selecting the right people for any vacant positions within Toyota calls for a process which bases selection on criteria such as a good technical awareness and an ability to fit the Toyota culture (Liker et al, 2008:336).

The Toyota Way is further characterised by its fair and equitable people processes. Toyota develops leaders from within and recognises and rewards people and teams based

on their performance. Problem solving and coaching is applied in the development of their employees and is used in managing their performance. Even people processes such as reward and recognition processes are incrementally improved upon. It is not good practice in Toyota to discard people-related processes such as reward systems when they are no longer fit for purpose. Incremental improvements ensure that such processes/systems are kept appropriate and fit for purpose (Liker et al, 2008:426).

The core Toyota values and the Toyota Way are taught across all levels of the organisation, transferring the “Toyota DNA” across the organisation by mentoring and problem-solving activities on the job (Liker et al, 2008:479).

#### **5.4. Managing employee resistance**

The “Toyota Way”, evident by its practices, experience and case studies, suggests that a lean culture based on lean principles is possible and that this can be built throughout the organisation, across the globe. However, it has to be built up slowly in order to be sustainable.

What is often less discussed is employee resistance to the effective implementation of Lean, as stated by Sim et al (2008:609). This may come about when entrenched values exist within an established culture and the entrenched attitudes held by employees and managers are in contradiction with lean principles (Sim et al, 2008:609). Sim et al (2008:609) believe that resistance is evident even when the CEO fully commits to such a process and commits resources and funds to the implementation of such processes. These processes may revert to their original state soon after implementation.

Effective implementation of lean involves large-scale cultural changes in the organisation, a new approach to production and / service to customers, and a high degree of training and education of employees, from upper management to the front-line (Sim et al, 2008:610).

Organisations embarking on the journey of lean and continuous improvement must understand and anticipate such resistance and manage it effectively by implementing

robust change programmes to ensure an effective and sustainable process, led by effective leaders who are committed to support and enable the desired change.

## **6. A new conversation for a new culture**

Changing the organisational culture means changing the conversation. It means changing the things people say, the language they use in the organisation, the way in which they communicate and what specifically they communicate.

Briskin et al (2009: 5) believe that change occurs one conversation at a time within a group of committed people setting the scene for new possibilities, which requires a major shift in our thinking and application of collective wisdom.

They believe that this shift is transformative as it affects both our inner awareness and our outer behaviour (Briskin et al, 2009:32).

Jorgensen refers to conversational leadership as a way in which effective change can occur. He considers conversation as an imperative to both social and organisational success. He describes conversation in an organisation as the way in which humans think together, and conversational leadership as about learning together through learning conversations which enable the achievement of targets and desired outcomes (Jorgensen, 2008:1). Leaders should engage in conversational leadership techniques, thus enabling organisational alignment and ensuring a collective understanding.

Khandagle and Rao (2008:1) support Jorgensen's view of the importance of conversation and believe that dialogue should be embedded through all levels of the organisation. It should be part of how leaders, teams and the entire organisation lead, manage and behave.

In creating the future, a shared understanding and common meaning should evolve throughout the organisation and dialogue can enable this by allowing individuals and groups to tap into the collective wisdom of the organisation in crafting its future (Khandagle, 2008: 3).

Clanon (1999:1) makes a very valid point about organisational change. He believes that although many organisational change efforts result in structural changes, the more fundamental issues may remain unchanged. These more difficult issues include an increase in business performance and people engagement and interaction (Clanon, 1999:1). These are some of the very change-related challenges that Company X is facing - changing business performance and the culture of human relations in the company. Clanon (1999) further states that given his experience in dealing with organisational change efforts, he actually questions whether transformation of an organisation is possible at all (Clanon, 1999:1).

Clanon (1999:3) refers us to the Centre for Organisational Learning, part of the Sloan School of Management, which too underwent a transformation process. He describes a variety of organisational experiments that were undertaken by the Centre, specifically focusing on the building of learning capability and the transformation of the assumptions and practice of leadership in so doing. Much of the focus of this transformation was based on organisational learning work which transformed the organisation from a crisis management approach to dealing with organisational matters to a process on continual learning.

Clanon shares Hamel's view in that he states that in this age of accelerated technological innovation and globalisation we still apply 400 year old, Newtonian-based models which dominate our thinking about organisations and actually act as barriers to change. (Clanon, 1999:12).

Clanon (1999:12) goes on to state that the very corporate language that we use when embarking on change is evidence of this. We use language such as re-engineer, roll-out (implement), restructure etc which is prevalent in an organisation which is geared towards control rather than learning (Clanon 1999:12). New corporate language should be sought, and new organisational metaphors are required to bring about the necessary change. This requires a shift away from conventional management and leadership practices where leaders themselves develop a vision or a strategy and implement it through the organisation (Clanon, 1999:13). A more participative approach is required in crafting a vision for the organisation, one which encourages dialogue in its endeavour to achieve change. This approach allows employees to feel that they have contributed to the future objective of the business and to feel as if their voice has been heard. This is since



employees have had the opportunity to influence and co-create the business vision, bringing about a sense of belonging and meaning.

Different capabilities are required if such change is to occur, and Clanon (1999:13) states that the organisation has to enable personal and shared reflection. People need to listen to one another, to tolerate ambiguity, to exercise patience in so doing, and to build coaching capability, in order to be able to give and receive support throughout the change process. However, it is possible that Clanon himself may have failed in his attempt to transform the organisation. He seems unclear in his attempt and ascribes the failure to the impatience of those he was working with. The researcher is further of the view that perhaps the organisation did not possess the leadership capability to enable change through dialogue and effective participation. Leadership should realise that change takes commitment, time and a concerted effort in order to ensure momentum, buy-in and sustainability.

Organisations have their own unique culture and Gates (2007:21) believes that it is reflected in the employee's behaviours and attitudes. These behaviours and attitudes will continue to produce the same results. If you want to improve or change the results, you have to change and re-align the culture. If a culture such as Company X's culture is to change to be more responsive, adaptive, innovative and empowering, it has to focus on the results that it wishes to achieve through the change. In order therefore, for effective culture change to occur, we must change the conversation, we must change the language and the quality of our dialogue and engagement. We have to embark upon a new conversation, staying clear of past, habitual conversations, be it in everyday conversations, the printed media or general staffing engagement sessions (Gates, 2007:21). Gates (2007:21) suggests that we have to move towards talking about a culture that we want, and through talking and dialoguing, it would lead us in the direction to affect such change. Gates states that "energy, tension and a desire to change the organisation, a desire to change the conversation, may take us there" (Gates, 2007:21).

## **7. Conclusion**

In today's turbulent environment and volatile economic climate, organisations have to learn to do more with less. They strive to increase their efficiency, productivity and profitability by reducing Muda, Mura and Muri. That is exactly what Company X is striving towards.

The Company requires strong, empowering leaders who will lead the way in creating the future, creating a culture of continuous improvement and innovation, and who will enable continuous organisational learning. The Company needs to increase revenue and satisfy the customers, reduce costs by eliminating waste and streamlining processes, and needs to develop its employees order to tap into the richness of their diverse backgrounds.

It is an imperative that management evolves and changes with the times, that alternative management practices are developed, implemented and embedded. This would entail a movement away from the antiquated management practices of the past. Management innovation is essential if companies like Company X are to be successful into the future.

Company X will have to consider learning from the successful companies of the 20<sup>th</sup> century, and will have to consider the options that will bring about the desired results. Company X will have to question current leadership practices, encourage experimentation, innovation and creativity, along with the alignment of relevant practices and processes.

The issues discussed in this chapter will be explored in more detail in Chapter Four, a chapter of recommendations designed to lead Company X into a successful future.

## **Chapter 4**

### **1. Introduction**

In Chapter One it was noted that Company X, due to the current economic climate, finds itself in a situation of a declining resource base and declining markets, and given the global economic downturn, thus needs to review its current business strategy and operating model. Attempts are currently being made to secure new resources but progress is slow. Over and above securing new resources, capital investment opportunities to expand the current resource base do not seem to be available at this point in time either. In the light of this, a new operating model, one which seeks to optimise the current resource base, has been identified as the short term strategy to be employed for at least the next five to seven years.

This is the base case scenario, given that no further resources are located and no further capital is invested by the shareholders to extend the current and expected life of the existing assets of the business.

Thus, given the base case scenario, optimising the current asset base seems to be the most productive course of action to take, and this then entails the revision of the current operating model.

In exploring organisational learning within a business improvement context, Chapter One specifically makes mention of a focus on the socio-technological organisational factors to be addressed in bringing about the desired organisation-wide change.

The specific factors which are the focus of this study include firstly a revision of the traditional organisational hierarchy with a view to proposing an alternative, that of the inverted triangle, and a shift towards a front-line-focused organisation, which means a more direct focus on the front-line employees. Secondly the study investigates the possibility of implementing continuous business improvement processes supported by lean manufacturing principles.

This should in addition be supported by an appropriate organisational culture, which essentially means a culture realigned to embrace these changes. Thirdly this study seeks to define an appropriate leadership and management style and associated practices to support this culture and way of work.

Chapter Two contextualised the organisation, its operating model and environment and how CBI fits into its intended and future operating model. Chapter Three provided a theoretical review of the core concepts of this study relating to leadership practices, management innovation, the learning organisation and organisation learning, and explored less conventional management practices such as Scharmer's Theory U. These concepts were explored and are to be used as a basis for crafting possible recommendations to be made to Company X in order to facilitate the transformational change process for this organisation.

The intention of such change within the organisation would be to deliver effective, simple, world-class practices, with fit-for-purpose solutions for all organisational challenges, supported and enabled by lean manufacturing principles.

What socio-technological considerations should be considered by the organisation to affect this change process holistically, given the assumption that the technological changes, the core technical operating processes and systems, have been considered sufficiently?

The next part of this chapter aims to address this question and suggest possible recommendations to Company X. This chapter will therefore provide an overview of recommendations to affect change in general and the leader's role in the change process. It will include recommendations for a context-aligned, more relevant and innovative leadership style that supports management innovation and will in addition focus on recommendations for a supportive, conducive and more apposite culture, one that focuses on the front-line, on continuous business improvement and lean principles.

## **2. Affecting organisational change**

### **2.1. The change roadmap**

The change process that Company X is embarking upon is considered to be a large-scale, organisation-wide process. As such it can be described as a transformational change process.

Ackerman et al (2001:4) define transformational change as a process which occurs when an organisation realises that the current/old operating methods can no longer achieve its business objectives and strategy, and therefore, in order for it to succeed it needs to radically change the way in which it operates. A fundamental shift is required from its current operating model to the desired, transformed state. This change, therefore, according to Ackerman et al (2001:4) is so significant that it would require a shift in the organisational culture, organisational behaviour, leadership response and mind set across the entire organisation if it is to be implemented and sustained over time.

In order to achieve such change and, in doing so, to build the essential and lasting change competency in Company X, it is recommended that the process includes the development of a number of competencies, as reflected in Ackerman et al (2001:12). The competencies that Company X would be required to build would begin with the design of a conscious process to achieve a clearly formulated and integrated change strategy and roadmap depicting the people-change processes. This should be supported by a conscious process of facilitation, which involves continuous learning during the transformation process. Leaders have to “hear the wake-up call,” and mindsets at the bottom of the inverted triangle need to shift. With this as their lead, the rest of the organisation should follow suit. Mindset changes should be supported by the necessary change in infrastructure, roles and responsibilities. Whilst this change process is occurring a strong focus should still be kept on the current and ongoing operational processes in order to ensure continuous delivery of results and adherence to current business targets. Maintaining the “as is” state should run parallel with the change process (Ackerman et al, 2001:12).

## **2.2. Prepare to lead the change - the leader's role in managing change**

Leaders have to understand their role in the change process and should have a clear vision of the required change. Company X's leaders have heard what Anderson (et al, 2001:26) term "the wake-up call." This is what sparked the various restructuring initiatives that commenced in 2003 and received additional impulse in 2006. They have a clear understanding as to why the organisation has to change the way in which it operates. However, in this instance, they have to still fully understand and conceptualise exactly what this means for the business and how they are to create an environment where socio-technological change processes are fully considered, crafted, understood and implemented, with support from employees throughout the organisation.

What is required here is that the leaders must realise the need for change, that it is transformational in nature, and that it would require a change in strategic approach, mindset and behaviours, including a change in leadership style (Ackerman et al, 2001:27).

To date a number of change processes have been embarked upon within Company X. The researcher has been party to these and has already, during the performance of this study, provided input into the actual change process. Company X's leaders have recently embarked upon a strategic alignment process. This involved a view of the current realities facing the organisation. A recommendation was made to depict the scenarios that the business currently finds itself in, assisted by the tool of scenario planning. Scenario planning is a tool which assists people in business to think about the future. It challenges current thinking and facilitates the exploration of different possible futures.

Scenario planning is an approach that assists in capturing these possible futures and assists in the understanding and describing of uncertainty and the impact the future may have on the business strategy, allowing strategic initiatives to be more robust across multiple possible futures or scenarios (O' Brien et al, 2007:213). O'Brien (2007:229) defines scenario planning as a framework that supports the company's strategic development process enabling it to become a learning organisation. Scenario planning was applied to assist the business in understanding their possible scenarios. More specifically, Sunter and Ilbury's strategic dialogue methodology was embarked upon.

This is very much aligned to where the organisation is going; it is a process which applies scenario planning in a Socratic method of questioning through a dialoguing process. In view of this, a “wake-up call” was received by the leadership team to affect the necessary change processes, including the socio-technological change requirements. A process of engagement and dialogue with employees across the business stemmed from this strategic session. The recommendation then is that the organisation continues to implement the outcomes of that strategic session and conduct further planning sessions across the organisation, thus communicating and affirming the case for change to all staff, and also equipping the organisation to be ready to face multiple possible futures. This process is currently under way. This will allow employees to experience the “wake-up call” themselves, and should induce them to institute the necessary change processes within their own areas of responsibility.

It would be useful to be blatantly honest about the company’s present situation and problems and current challenges faced, such as the declining markets, the effects of the economic downturn on the luxury goods industry, the disposal of the loss making operations and the ability to locate new resources, so as to create an understanding of the urgency for change and organisational re-alignment and optimisation within the current context.

The leaders’ role in this process is of utmost importance. They are the owners of this process and are the primary influencers of values and culture, and dispensers of decision-making power. They need to clearly understand their role as change leaders in ensuring clear communication throughout the process, and acknowledging the existence of problems, and celebrating any successes along the way.

Kotter (2002:2) is of the opinion that leading change is not only about strategy, structure, and the culture of systems, but also essentially about changing behaviour. Further to this, core to behavioural change is relating to people’s feelings (Kotter, 2002: 2). “People change what they do less because they are given an analysis that shifts their thinking than because they are shown a truth that influences their feelings.” (Kotter 2002:1) Emotions are at the heart of change.

What has taken place in Company X so far - and this is of the utmost importance - is a realisation by the leaders of the need to redefine and realign the company’s vision

statement. They wish to develop one that is more appropriate and compelling, that depicts the future direction of the company, and that energises and motivates their employees. The process of redefining the company's vision would ensure participation and buy-in from stakeholder groupings and employees as far as possible, to bring about an alignment in the people's understanding of the future.

Given that a revision of the vision has been called for, a recommendation by the researcher has been made that the process should be participative in manner. Interactive dialogue would be productive to gain input and buy-in, and would deepen the employees' understanding of the current reality of the organisation, its strategic objectives and change journey. In so doing it would create excitement and motivate the stakeholders and employees to be part of the future of the company. Amongst others effects, this may aid in the retention of staff, as they would be able see a clearer, more realistic future and know how they could contribute to the success thereof.

It is recommended that the redefining of the company's vision should be an ongoing process of conversation and engagement between the leaders and the people across the organisation, in order to ensure participation, alignment and buy-in from all. With a clear and more appropriate vision comes a clear and deeper feeling of purpose and meaning and a sense of commitment, bringing about support of the change process upfront.

Defining the Company X way, that is the processes, practices, norms, values and beliefs and the alignment of mindsets is, according to Kotter (2002:10), about changing thinking in order to change behaviour. Kotter (2002:10) states that new feelings or understanding will change and reinforce the desired new behaviours. This new way of working together with the new vision will go a long way to inducing people to translate the new vision into a reality. This process, according to Kotter (2002:11), will assist in helping people to see reality with their emotions, and should ultimately change and reinforce the desired behaviours and the Company X way of work.

This will facilitate moving the people in the organisation from seeing to feeling to changing (Kotter, 2002:36).



### **3. Becoming a learning organisation**

In order to embrace the required socio-technological change, Company X must create a culture which celebrates and encourages success, innovation, creativity and empowerment, a culture which acknowledges learning, learning from past mistakes and learning from the future as it emerges.

Currently Company X possesses learning capabilities which are based on experience and are reactive in nature. A shift has to occur in the manner in which it learns if it is to be considered a learning organisation. The capacity for change and learning must be evident in employees and managers at every organisational level, not only at executive and management level, but specifically at the front-line of the organisation, where the value is created. Company X must consider Senge's (1990:39) view that if an organisation learns through its employees, individual and organisational learning can occur simultaneously. Individual learning is a requirement for a learning organisation. Senge (1990:141) refers to this as personal mastery, the discipline of personal growth and learning, and explains it to be a process of continually expanding and growing in a quest for continual learning, which for Senge, is the spirit of the learning organisation. As Company X's philosophy is that of continuous learning, it must focus on creating, capturing and transferring knowledge to enable adaption to its changing environment.

Individuals within Company X must practice personal mastery in order to become systems thinkers who can see the interconnectedness of the world around them, and thus feel connected to the whole.

Company X should ideally adopt the five subsystems of a learning organisation, as defined by Abokhodair (2008:1), if it is to become a true learning organisation. These five subsystems include learning, organisation, people, knowledge and technology. In order to move towards a learning organisation, all five subsystems must be equally focussed upon in Company X, in an integrated and systemic manner. The core subsystem, which underpins the other four subsystems, is learning. Learning should occur at three levels within Company X: at individual level, which refers to a change of attitudes, values, beliefs and behaviours; at group level, which refers to competency within groups and teams; and at organisational level, which refers to the organisation's commitment to continuous learning and optimisation (Abokhodair: 2008:2).

If Company X is to become a true learning organisation, a systems perspective must be applied to learning with equal emphasis placed on all levels. Learning within Company X is often focussed only at a group level, where the building of competencies is the focus, often to the detriment of learning at an individual level. Whilst it is acknowledged that a shift in an individual's value and belief system is more difficult to bring about, Company X would have to explore innovative ways to enable such a shift.

Such innovative and less conventional methods of learning could be brought about by what Abokhodair refers to as anticipatory learning, where learning occurs from what is expected in the future, which is similar to Scharmer's Theory U of learning from the future as it emerges, as well as generative learning, which involves the creation of learning from creativity and innovation (Abokhodair: 2008: 2). CBI concepts and lean principles seek an environment which is conducive to innovation, and therefore there should be support for such a learning approach. Leaders would need to be made aware of such approaches and would have to lead and act as role models for others to follow.

Company X should also embrace what Senge (2006:4) refers to as the relevant operating principles. These include the transcendent values of love, wonder, humility and compassion. It requires dialogue and conversation in order to be able to act upon these capabilities. This would mean a major shift in current mindsets, particularly within Company X with its very typical culture of a mining house, that is, one that is autocratic, controlling, and individualistic, and focussed on task and production. The objective in such an environment is to achieve targets, often in the absence of such operating principles as referred to by Senge. Whilst this shift may be ideal, it would require continuous intervention, commitment and leadership buy-in to result in the desired shift. Such a drastic culture shift could take many years to realise. With Company X's longstanding, embedded culture, it is the researcher's opinion that this is idealistic and as such, difficult to achieve.

According to Senge (2006:4) a learning organisation is built by servant leaders who enable and build these new capabilities. The leadership style that Company X is striving for thus moves away from a situation where the leaders are in control to a style where people who lead choose to serve others in so doing, with power flowing to the leaders from those who are led. Learning does not just happen by chance and, according to Senge (2006:4), Company X must put in place a purposeful process which arises through performance and practice.

Company X has possibly survived thus far through learning from the past and focusing on habitual reactions and practices, but a new learning approach is required if it is to remain competitive, increase its profitability and survive in future.

### **3.1. Applying Theory U as a technique for learning organisations**

Company X, its leaders and all of its employees, for that matter, must learn to operate in the here and now and in the context of what the future may bring, rather than with a focus on the past and on past experience, a characteristic which leads to managing by trial and error. In other words, they need to access their inner learning potential of creativity and innovation.

As explained in Chapter Three, the U process is about reviewing the habitual practices of the past while suspending judgment of the past events, in order to see reality with fresh eyes - seeing the whole and connecting to a deeper source from which the future will emerge. It is about envisioning a new future and exploring such a future in the context of a microcosm before embedding the new context within the larger ecosystem (Scharmer, 2007:39).

Company X has to move away from applying solutions to their problems as they have done in the past, as if they do so they will achieve the same or similar responses or results as in the past. Company X has a longstanding history with an entrenched culture and many traditions. Whilst the world around them has evolved in many respects, these embedded, traditional ways of work and organisation culture means that the application of past experience in problem solving is no longer appropriate. Company X would need to respond in a deeper manner by “regenerating” their vision of themselves and of the organisation. (Scharmer, 2003:3).

### **3.2. Theory U and leadership**

Scharmer (2007:11) believes that the essence of leadership is the ability to shift the inner place from which we operate. Leadership today is about shifting the structure of collective attention, that is, the ability to listen at all levels in the organisation (Scharmer, 2007:19).

Leaders have to adapt and align by shifting the inner place from which they operate and allowing the future to emerge in the way that they learn as individuals and collectively in the organisation. It is about learning in the here and now and in the future as it emerges (Scharmer, 2007:51-52).

A new approach is called for in Company X, involving a shift in its operating mode a systemic change. A focussed, increased source of energy is required and a shift to a deeper place of knowing, creativity and innovation. They need to learn and lead by applying the concepts and principles of Theory U (Scharmer, 2007:61-62). They would need to access their inner learning potential.

Company X should focus more specifically on the behaviours of their leaders. It is recommended that they should start focusing on the inner state of the leaders by allowing time for them to practice introspection with a focus on personal mastery, by enabling and accepting new ways of learning and the opportunity to innovate (Senge, 2005:30).

### **3.3. Applying Theory U in Company X**

Learning to cope with change starts with each person, with individuals acknowledging a need to change, understanding and accepting the required change, and committing to this change. If at an individual level change is effected successfully, the team in which these committed individual members operate will change. If multiple teams accept this change and commit to this type of learning, changing an individual should lead to changing work teams, and as a result, the organisation, the system, or the “whole”.

The implementation of Scharmer’s U-Theory is recommended as a way to ensure business success in the future. However, it calls for a mind and culture shift in an organisation’s approach to learning. Human Resources professionals and leaders alike would need to influence this and lead the way.

Company X has been very good at analysing: analysing what went wrong, analysing what should be done, and analysing aspects of culture, team work and leadership; but the Company has not been as successful at applying intuition, and dreaming (visioning). With their emphasis on data analysis, production statistics, and quantitative surveying methods,

there has been insufficient focus on applying real innovation, intuition or the will to freely explore different, unconventional methods of learning. How can the kinds of insights be accessed that allow breakthrough innovations in the company if individuals and leaders are not given the time, space and opportunity to dream effectively? By applying this model, Company X can gain new insight into its most complex problems and develop creative solutions which have previously been marginalised in western culture.

Company X too often deploys the solutions that are most familiar to them, which are not always appropriate to all situations and all of the complex problems faced. Where relevant it needs to respond in a deeper, more thoughtful way, standing back and reflecting inwardly, gaining access to a different source of intelligence, retreating and reflecting, allowing the inner knowing to emerge.

The U process offers an understanding of this approach, and what it means and takes to get there.

With increasing change comes a need for continuous learning. We must learn to understand, guide, influence and manage the challenges faced. Scharmer's U-Theory and the concept of presencing could play a major role in assisting us to reposition the company today, in order to compete effectively tomorrow. This theory could be applied both to individuals and to the entire organisation as it is a systems approach. It could be applied by leaders who embark on the journey of continuous, often large-scale change. However, this may be easier said than done. Leaders would have to lead the way, would have to embrace this approach and create the space where others can follow, allowing time to reflect, sense and implement solutions in a more innovative and creative manner. This requires leadership commitment and a conducive and supportive environment, coupled with a full understanding and appreciation of this particular process, the U Process. This is supported by Scharmer's view that "Leadership is the capacity to shift the inner place from which a system operates, accordingly, the most important tool is the leader's self, his or her capacity to perform that shift" (Scharmer, 2003:3).

It may be rather difficult to introduce this type of approach or response in business today, or more specifically to Company X, as a technique to be used and applied by most. The major inhibitor would be the culture and environment in which individuals currently operate and find themselves. We would have to ensure the existence of an environment which

could support such an approach to solving complex problems, which means that leaders would have to display such behaviour and learning style, in order it to enable it to happen elsewhere, given adequate time and space. The Human Resource discipline is often criticised for being a “fluffy” discipline, introducing “warm and fuzzy” techniques and models into business. We would have to explore how technical specialists would react to such techniques and investigate means of ensuring their buy-in. This can be facilitated by ensuring that these concepts and techniques are embedded into learning methodologies and practices and integrated into the way of working, into the culture and the people management processes. The approach may be challenged by critics who see it as another “fluffy” HR concept with vague methodology, which might not add to the core technical business and bottom line, and which may not be physically quantifiable or measurable. Critics may also question the ability of actually turning such theory into practice; they would question the how and the why. Again this may be a difficult sell as technical professionals need to be able to measure success through quantifiable means.

This theory could, however, be applied within the large capital projects that Company X embarks on, in which there have been some failures in the past. The reason for some of these failures, according to the researcher, are as a result of the way in which we go about solving complex, new problems and facing new challenges. We tend to base solutions on past experience, rather than on future requirements, the emerging future, in a changing organisational landscape. The current knowledge management process focuses on learning retrospectively (focusing on learning from the past), on peer reviews (focussing on how peers have approached similar projects in the past), and on creating and storing of such knowledge assets, which can be accessed at any point when new projects are being embarked on. It is evident that through this process, the knowledge management approach focuses on the past rather than on the emerging future. Through doing this one would potentially (albeit inadvertently) be ensuring that past mistakes recur. But we have learnt that this is no longer a productive practice.

By applying the U-Theory, key players can develop strategic plans around these projects arising perhaps from a level of inspiration, a different, deeper level of intelligence. To make this possible calls for a somewhat different approach, an approach which calls for changing the thinking of individuals/leaders in the team, to develop strategies based on the emerging future.

Having acknowledged that some of the current learning processes, such as the knowledge management processes, are strongly based on past experiences, it is important to note that Company X has made some progress towards becoming a learning organisation. This is evident in the company's practices associated with individual and team learning. The focus is on continuous business improvement, which forms part of the strategy. Company X is further embracing the concept of the learning organisation as it does in fact provide continuous learning opportunities; it applies learning to reach objectives, it links individual to organisational performance, and it fosters inquiry and innovation in its attempts to embrace creativity through initiatives such as the current suggestion scheme.

Whilst the above-mentioned is valid, Company X does not portray all aspects of a learning organisation. It does realise the need to create a culture which celebrates and encourages success, innovation, creativity and empowerment through their current objective of continuous business improvement processes. Whilst this realisation is still in its infancy state, Company X realises that in order to survive, it has to respond more effectively to the changes required by the environment in which it operates. This capacity to change is evident by its leaders, however, this has not fully been realised and accepted by employees at all levels. It is the researcher's view that the fact that it has not been realised at all levels emanates from within the South African context. Employees at the "rock face" generally still face obstacles with regard to poverty, access to education, challenges of literacy, numeracy and basic life skills. Given these challenges, whilst Company X has realised it needs to be creative and to empower employees, this cannot be done in the absence of attending first to the very basic level of human needs.

Furthermore, there is little application of concepts relating to Theory U in Company X currently. It would call for a shift in thinking, a shift towards an understanding of the emerging future. It would call for deep introspection and a focus on the inner experience of learners. It would require the provision of an environment conducive to enabling retreats, enabling deep personal reflection and inner knowing and personal understanding and mastery. This proposal may be met with resistance as it requires individuals to take time out of their busy schedules. Core, technical priorities may often take preference over these types of applications. A culture shift is required if this technique is to be implemented successfully.

Having said that though, one has to be realistic and acknowledge that the journey of the U Theory, according to Scharmer (2007:245), is a road less travelled, and attempts to persuade others to take it will therefore inevitably be met with resistance, which may actually prevent the journey from taking place, and prevent us from reaching the desired destination – the realisation of our highest future potential. Scharmer (2007:245) believes that such resistance comes from within and shows us where weaknesses are greatest. The resistance will manifest itself, according to Scharmer (2007:245) in our adherence to old and limiting patterns of judgement, arising from a cynicism and arrogance denying us access to our inner selves, and from a fear of letting go of our current, familiar world. Company X will have to take cognisance of this and devise a strategy to intervene at an individual level in order to overcome this resistance, if they are to successfully apply this less conventional approach to organisational learning.

Scharmer thus believes that it would require a shift in the interior condition of the intervener (Scharmer, 2007: 29).

Company X would have to remove the barriers that Scharmer has referred to (Scharmer, 2007: 126), such as not recognising what they see, not saying what they think, not doing what they say they will. To enable such a shift, Company X would have to understand the role of the founder of the organisation, in order to really understand the organisation culture and origin thereof. As Company X has strong references to the founder in shaping the culture and maintaining such a culture, and thus the author is of the opinion that this will pose a barrier to enable such change to occur and effectively be applied and sustained. The application of Theory U in an organisation so rich in tradition could be challenging and thus could bring about resistance to the adoption and acceptance of these concepts.

#### **4. Leading the lean organisation through management innovation - A new management and leadership model**

In accordance with Hamel (2007:125), the longstanding management practices of Company X that may present barriers to creativity and innovation have to be challenged, together with the current and traditional management practices that may further impede creativity and innovation. Newer management principles of leadership, innovation,



creativity, and empowerment are required to bring about the changes that Company X is striving towards.

Company X must, as Taylor (2008:24) puts it, move from a Newtonian model of command and control towards an environment in which employees are empowered with the ability to deal with change and to foster the collective creativity of the organisation (Taylor, 2008:25).

In order to make that shift, and to change the long-standing, current management practices, Company X must firstly clearly define what those current management practices, styles and mindsets are. The Company must then clearly understand the 'as is' practices. This act of introspection should be followed by clearly articulating the desired management style, practices, associated beliefs, norms and behaviours, and then identifying and assessing the gaps between the present and the desired situations, thereby crafting the 'to be' management practices and principles, as guided by the characteristics of supportive leadership and other relevant guiding management principles and the desired concepts within Theory U that they are most likely to adopt.

Hamel (2007:252), like Company X, is of the opinion that traditional hierarchical structures are outdated, and that modern structures should be similar to that of the internet, that is, distributed networks, linked together by peer reviews, creativity and innovation, without bureaucracy and hierarchy. A few characteristics that organisations such as Company X can learn from the structure of the internet, according to Hamel (2007:253), is that everyone has a voice, that tools for creativity are widely applied, that experimentation is the order of the day, that individuals are empowered through information, that decentralisation is evident, that decisions are peer-based, and that power is granted from the bottom up. Based on his ideology, Hamel thus believes that the future of management will look similar to that of the web (Hamel 2007:254).

Company X's focus has shifted to the front-line employees, and it is an imperative that this concept is fully understood. Company X has to ensure that if change is to occur at the front-line, then these employees are held accountable for their results, that their limits of authority are clearly defined, understood and applied, not only at the front-line, but at all levels of the organisation. This requires an organisation-wide effort of empowerment at the right level of the organisation. Team members should have access to real-time performance information and know that their results will be recognised and rewarded fairly and appropriately (Hamel, 2007:136). This would mean that the entire organisation should

have clarity in matters such as decision-making, the limits of authority, workplace accountability, measurement of performance, and appropriate reward processes. Implementation of this proposal may call for all of these processes to be reviewed.

The front-line has to be empowered to perform, and here Hamel (2007:186) believes that leadership is not about exercising power but is about the capacity to increase the sense of power in those being led – in other words, to give them a sense of accountability and empowerment in the workplace. The most important role of a leader is to create more leaders through empowerment. Empowering all leaders and the front-line is an essential part of the new culture of Company X, and if this aspect of the proposed transformation of the Company is to be successful, our leaders have an important role to play.

Hamel believes that the formula for management innovation is committing to change, changing traditional practices, and embracing new and clearly defined principles.

The key research questions, posed by the researcher to Company X are supported by Hamel's writings, depicting the importance of Company X's response to them in order to survive in the long term. As such, Hamel (2007:249) poses a few important and relevant questions to modern organisations, questions that can be applied to Company X, such as; does Company X have a view about the company's management direction, as they do about their strategic direction? Does the organisation see the need to continuously reinvent management practices? It is recommended that these pertinent questions be addressed if the organisation is serious about sustainable change.

What would define this new management system? The future of management is about getting more out of individuals through empowerment, providing them with the correct tools, incentives, remuneration and working conditions so that they can as a group achieve more than they could as individuals. Company X would have to scrutinise its present practices and processes to ensure they are fit for its purpose.

Having an appropriate management and leadership style in place and understanding the need to change the way in which organisations and management conduct business are critical factors enabling Company X to move towards becoming an organisation that portrays lean principles.

#### **4.1. Leading a lean organisation**

According to an IET Engineering Management article (2007:40), modern, more agile and lean organisations are responding to their many complex organisational challenges by implementing flatter structures and embracing new, more appropriate leadership models. One of the previous recommendations made, which has already been accepted in some ways and partly implemented, is that Company X should steer in this direction.

Chapter Three highlights the fact that a fundamental change is required within the organisation, where roles, ideas, information and reporting structures must be changed and aligned in order to form a more collaborative organisation (IET Engineering Management, 2007:42). Communication barriers have to be broken down and the transparency of information must increase, such that information is readily available to all in the organisation. A shift has to occur in order for this to come about, in that cross-functional teams should be dedicated to problem-solving and the elimination of waste in order to optimise the efficiency of the Company's processes (IET Engineering Management, 2007:44).

Implementing and sustaining lean management requires the development of a clear strategy and alignment of strategic objectives across operational units, supportive leadership, correctly channelled and effective engagement, and communication that will inform behaviour. These are the imperatives of lean management and leadership.

Chapter Three further stated that lean also requires a culture shift, with lean leaders fully attuned to the vision and values of the organisation. With this in mind, Company X finds itself facing many business challenges regarding their future. The lean philosophy has to be supported by a culture conducive to participative management, an appropriate leadership style, a clear and compelling vision, and a clearly articulated strategy. Leaders should be fully attuned to the Company's vision, have a thorough understanding of the vision, the values and the required behaviours of the organisation, so that they can effectively and clearly communicate and engage with employees at all levels (IET Engineering Management, 2007:43).

In order for Company X to implement and sustain being a lean organisation, strong, committed leadership is required. The compelling reasons for change should be clearly

communicated, as should the behaviours desired of all employees, which the leaders themselves should demonstrate (IET Engineering Management, 2007: 43). Taylor states that in times of uncertainty and when it is necessary to manage complexity, innovative and responsive leadership is required (Taylor, 2008:9).

Lean managers /leaders should possess the competencies of active listening, visioning, informing, building trust, actively providing support and encouragement, facilitating learning by team members, and modelling the desired behaviour. Leaders should also possess the values of honesty, participation and teamwork, responsibility and open-heartedness, and should desire their own continuous improvement. Company X should incorporate these competencies into their desired leadership style and leadership development programmes and their performance management processes in order to develop their leaders into true, lean leaders.

#### **4.2. Management innovation**

In the course of managing the lean organisation the common management tasks as we know them, such as setting priorities, allocating resources, and building relationships will continue, but they will be executed by anyone who is capable of delivering the required work (Hamel, 2007:37), and not necessarily only by managers..

If we take Brown's view into account (2007:24-29), although Company X is striving for a front-line-supported organisation by inverting its traditional organisational hierarchy, it still predominantly reflects the characteristics of an organisational structure and management practices that were invented in the 20<sup>th</sup> century. Company X still subscribes to Weber's management traits of control, precision, stability, discipline and reliability, although it intends otherwise. Company X still typifies a traditional bureaucratic organisation and management style. Company X's traditional managerial practices and traditional approaches are fully in accordance with Stacey's description (2007) of outdated practices. In addition to Company X adopting a supportive leadership style, it should also adopt a transformational leadership style, which would be characterised by charismatic, motivational leaders who create vision and facilitate change. By adopting a transformational leadership style, leaders within Company X could enable change by their motivational, facilitative style, in a supportive manner through coaching and empowerment,

that is, as depicted by supportive leadership. The Company could even attempt to put into practice the characteristics of the dispersed leadership theory, which focuses on the development of leaders at every level of the organisation, leaders that can continually adapt to the strategic challenges faced (IET Engineering Management, 2007:41). A leadership style should be developed to replace the antiquated management principles that foster discipline and punctuality, and that place great value on innovation and creativity instead.

The leadership style in Company X therefore must be less authoritative and commanding and more empowering.

In recent years there has been a lot of discussion about involvement, empowerment, being enabling, and self-direction. But the question Hamel (2007:61) asks is relevant: has the level of liberties of first- and second-line employees dramatically changed over the past years? Do they really have greater discretion?

In agreement with Hamel (2007:69) Company X should strive for an organisation where front-line employees run their units as mini businesses, where they decide what equipment is required and when, where team members put pressure on individual performance, and have final say over new recruits.

How then can the leaders and employees of Company X become management innovators?

Birkinshaw's research (2007:47) suggests some factors which could be considered by Company X to enable this process. These factors include the development of awareness and a commitment to take management innovation seriously by fostering a problem-solving culture, and allowing experimentation on low-risk problems, where ideas are tested on a limited number of people. If this approach is adopted by Company X, it would be recommended by the researcher to start such application in a smaller, "safer" setting of experimenting with low-risk problems, as suggested by Birkinshaw (2007: 47). This would establish the platform for such a culture to develop incrementally and should thus allow employees to become more comfortable when applying management innovation. This should succeed, allowing that leaders within Company X create a conducive environment

for such experimentation, by motivating and empowering employees to solve these low-risk problems as a starting point.

Company X could benefit from studying the Whole Foods' management model. With their truly different management model and their unconventional management approach, which is based on democracy and discipline, trust and accountability, and a system of internal competition. Company X would have to take the risk and become a truly team-based organisation, where performance and targets are measured within the concept of a mini business unit. They should learn from Whole Foods, who have autonomous teams with decision-making authority over staffing, targets, product pricing and selection. Company X would have to allow their team structure which involves empowering them to make the above-mentioned decisions in order to adopt such true autonomy. They should in addition adopt the model of operating as profit centres, where teams are rewarded for meeting and exceeding their targets. It is recommended that Company X truly understands what is meant by autonomous teams, and applies it in its true sense. Benchmarking Whole Foods management practices could enable a better understanding of effective and efficient application of autonomy within their teams. Allowing teams to operate truly autonomously and as profit centres could contribute to the bottom line of Company X.

Providing such autonomy and authority to the front-line requires top management's trust (Hamel, 2007:74). Trusting the front-line to do what is right for the business will enable them and motivate them to perform in the longer term. Applying traditional management models and preventing autonomy and authority to the front-line could mean that decision making is hampered and could be ineffective, not only by not enabling the relevant decisions to be made at the right level timeously, but disempowering leaders at the front-line. This would potentially create a climate of de-motivation, frustration and a lack of innovation which could result in production delays, and consequently have a negative effect on the bottom-line.

Like WL Gore & Associates, Company X should truly define what it means to eliminate the traditional hierarchy, what this would look like and feel like, and how it would differ from the "as is" practices. And over and above this the Company should clearly articulate what inverting the triangle really means for the leaders and the broader organisation. WL Gore and Associates makes innovation part of everyone's job, thus allowing them the time to innovate, and empowering and enabling employees to make decisions. These are

considerations to be taken into account in inverting the triangle and embracing innovation as an everyday occurrence.

Company X could learn from the Google Corporation's innovative management practices, which does not have elaborate bureaucratic authorisation processes in place to control the initiative practices of its employees. Less bureaucracy tends to equate to more innovation. Other lessons to be learnt from Google's success include the flat hierarchical structure, a network of lateral communication practices, a robust reward system which focuses on the rewarding of innovation, their team-focused approach to their product and their focused effort to put their customers first.

In order to succeed and become a world-class organisation, Company X would have to question the future of leadership within the organisation. This would mean that they would have to challenge current and past practices and create an enabling environment that embraces experimentation, innovation and creativity. According to Hamel (2008:5), this is leadership innovation.

Company X has to realise that it is no longer productive to lead organisations through bureaucracy, layers of hierarchy, strict rules, policies and practices, as this disempowers employees, preventing them from changing or working towards realising their vision. If the new vision and way of work for Company X seeks to achieve one thing, and the current structure is a barrier to doing so, the desired change will not happen. Leaders thus have to remove these barriers, be they systemic (policy, procedural or structural) barriers, or barriers of the mind preventing the achievement of change. The leaders need to change their mindsets and behaviours by providing clear, effective, timeous information and feedback on progress. Leaders not only have to lead change, but also to play an integral part in sustaining the change.

#### **4.3. Management innovation and continuous improvement**

Company X should move away from their previous approach to change, which was often termed "corporate convulsions." Instead of crisis-led, episodic and programmatic change efforts, Company X should learn to improve and adapt continuously.

The leaders in Company X must realise that renewal allows for continuity (Hamel, 2006:9-10). Employees at all levels and their leaders have to move beyond a rule-driven culture. They need to challenge rules and make innovation an everyday event.

DeLisi's views (2006:139–140) could be taken to suggest that Company X needs to become more risk-taking and proactive, and to develop the ability to deal effectively with conflict. DeLisi's view is pertinent in that management innovation can be successfully implemented only if enabled by a supportive organisational culture.

#### **4.4. Leading the next generation - servant (supportive) leadership as a consideration**

Another imperative facing the leadership in Company X is to develop the ability to deal with a multigenerational workforce.

One also has to guard against traditional, outdated management practices from being passed down from older generations to younger generations (Hamel 2007: 128), perpetuating outdated management practices. This would require a focused process of education and continuous learning for all staff throughout the organisation, about the more appropriate management practices. If Company X is to be a learning organisation supported by practices of leadership training and coaching, it is imperative that old practices are no longer socialised throughout the organisation.

These different generations require different leadership styles. The leadership style currently prevailing, of control and command, may well work for the older generation, but these inflexible managerial traits are not appropriate for the younger generation, who require something different.

Melchar et al (2008:28) believe that the one management theory that has not been adequately tested empirically is that of servant leadership, which is a possible solution for all generations, as it tends to focus on others rather than on the managers themselves. Kumuyi (2007:30) agrees with Melchar et al (2008:28), in that the servant leadership style offers an alternative approach which is characterised by leading others by serving their mutual interests. Kumuyi (2007:30) states that servant leadership is characterised by traits



such as collaboration, trust, empathy, teamwork and empowerment, the ability to listen and the ability to build a learning community.

Whilst the characteristics of servant leadership may be found in other leadership styles, it is the application of such a leadership style that supports and enables employees to achieve objectives, through techniques of coaching and the removal of barriers. It is a style that enables and empowers others, whilst the focus is on employees and not the managers themselves. It is these characteristics that defines and makes this style unique when compared to other leadership styles. This is another indication that in striving for supportive leadership, Company X is heading in the right direction.

It is suggested that for Company X to fully embrace the characteristics of a supportive leadership style it should first clearly articulate what that means for the leaders of the organisation. Company X has to define the associated behaviours, values, norms and attributes of such a supportive leader in order to change the mindsets and culture effectively. It is further recommended that a participative approach be used to engage leaders and employees in asking what that would mean for the organisation, as it is through engagement and dialogue that culture change occurs and can be embedded in the organisation.

Kumuyi (2007:30) also believes that such a management style could harmonise organisational goals by preventing the workers from being dissatisfied and aligning the objectives of the organisation and workforce, which is exactly what the organisation requires at this stage.

Another factor that would seem to justify the adoption of a supportive leadership style is the fact that Company X finds itself in a unionised environment, and this style is more empowering, collaborative and sympathetic, a suitable style of management in such an environment, if fully embraced and the benefits of it realised.

As described in Chapter Three, for Company X to be a true learning organisation it should adopt the proposed winning leadership and management formula. This might be a blend of Scharmer's Theory U (relating to personal mastery and seeing the future as it emerges) with traits of servant (or supportive) leadership and with Hamel's injunctions of what is

expected of management going into the future. In these conditions Company X can yet hope to succeed in its turbulent and volatile environment.

## **5. Creating a lean culture**

Company X has begun its journey of implementing lean production systems, following Toyota's lead in how to do so successfully. However, it must be noted that their journey has only just begun and, as already stated, major work is still required on the socio-technological systems, to ensure holistic implementation.

### **5.1. Creating the Company X Way - learning from the Toyota Way**

The DNA of a company lies within its culture. What are some of the lessons about growing a lean culture that Company X can learn from Toyota, from the Toyota way, from the Toyota culture?

The Toyota Way continues to evolve as the company grows. It is flexible in its ability to adapt and face new circumstances. Toyota attracts people with appropriate characteristics who are trainable and can add value to the business. One of Company X's philosophies is getting the right people in the right jobs, and doing the right things right. However, this has to become more than just a philosophy. It has to be practically implemented through the establishment of robust processes, systems and practices, which is what Company X is currently embarking upon. This calls for a revision of the recruitment/hiring practices, job profiling and competency building practices, amongst others.

As Liker (2008:103) state, the attraction, selection and induction of quality employees throughout the organisation are critical components in growing and embedding the desired culture that a company like Company X needs to strive for.

In order to effectively introduce the new culture and sustain it with all new and current employees, it is recommended that Company X puts in place robust on-the-the-job training

and mentoring processes, thus clearly communicating a consistent leadership practice (Liker et al, 2008:33).

As problem solving is at the heart of a culture of continuous business improvement, robust problem-solving techniques must be employed to enable employees to solve problems effectively.

Quality job performance and the contribution of employees to Company X are key to ensuring that it has standards and systems for every aspect of its training curricula, reaching all employees, both newly appointed and current (Liker et al, 2008:146).

Further to this, Company X must ensure that they have appropriate, fair and equitable people processes, with the Human Resources Department being more hands-on in their approach (Liker et al, 2008:386). Like Toyota, Company X should develop leaders from within and recognise and reward people and teams on the basis of their performance. Problem solving and coaching should be applied in the development of their employees and should be used in managing performance. Even good people processes, such as fair systems of reward and recognition, can be incrementally improved upon. One important thing learnt at Toyota is that it is not good practice simply to abandon human resource processes such as reward systems when they are no longer fit for purpose. Incremental improvements ensure that such processes/systems are kept appropriate and fit for purpose (Liker et al, 2008:426). Company X must adopt this philosophy of continuous incremental improvement and must therefore guard against scrapping such existing processes in totality. It should rather apply incremental improvement processes to enhance and re-align current processes and practices.

Teamwork is also an important aspect of creating and sustaining a lean culture. Teamwork should be supported and encouraged by Company X. Further to this, as with Toyota, a communication and engagement process which aims at developing people and building trusting relationships with a focus on the continuous improvement of business processes is of the utmost importance, and Company X will have to make this a major focus area, given that currently effective engagement processes are lacking. Liker et al (2008:315) describe how company objectives, expectations and activities should be clearly communicated to all, creating an environment where ideas can be expressed and

incorporated into their improvement process. The leader must remove barriers that may hamper employee growth and performance (Liker et al 2008:315).

It is recommended that employees should be engaged continuously in an attempt to ensure that robust problem-solving techniques are applied that will inspire people, thereby creating commitment to the organisation. This is achieved by transparent engagement, communicating the company's challenges transparently, and communicating the future prospects, supported by an appropriate and compelling vision.

Company X should have an operating system based on problem identification, waste reduction and problem solving.

An organisational culture is about how employees in the organisation perceive, think and feel (Liker et al, 2008:6). It is about a common understanding of norms and values and underlying assumptions. It is about organisational artefacts, which is a term used to describe items or work products or outputs produced by employees in the organisation, and their behaviour (Liker et al, 2008:6). It is recommended that Company X should clearly define and articulate the desired culture if change is to be successful. Once defined and articulated clearly, in a participative manner, it would have to be made acceptable and desirable to all employees across the organisation.

This would however involve many change interventions, reviewing the way of work currently in the organisation and aligning relevant practices, processes and systems to be supportive of the new and desired culture. It would have to be embedded into processes across the employee life cycle, from the recruiting of new employees, to how they are socialised into the organisation, how employees - old and new - are developed and trained, how talent is managed, and how employees are remunerated and rewarded for such changed and accepted behaviours. It is a systems change process which will demand time, energy and enthusiasm – starting at top leadership levels and socialised across to all employees of the organisation. This new and desired culture would have to be woven into the very fabric of Company X. Company X, like Toyota, must thus re-build its entire DNA. It must be noted however, that Company X would have to be patient with such change and should continuously reinforce it over time, as it is believed by the researcher that culture change within organisations occurs over many years and evidence thereof is sometimes only seen years after such a process of change commences.

Liker (2008:6) identifies some lessons which can be learnt from Toyota, which can be recommended to Company X, if culture change is to occur holistically and successfully. The Company culture should be changed at three levels:

- what is seen, which refers to the dress code, organisational charts, mottos, logos and the physical layout of the company. Company X will have to review current practice relating to these matters.
- what is said, which refers to the reason why things are the way they are in the company, with reference to the company philosophy, norms and rationale. This again would need to be reviewed and aligned to the desired end state.
- what is deeply believed in and acted upon, which refers to assumed beliefs about the organisation, its purpose, its people and its reward structures. Again, these structures would require revision and re-alignment where need be.

It is important to note that culture is crafted over time; it does not just happen overnight. Company X has to come to terms with this fact, as it is often impatient and expects rapid culture change to occur. Take Toyota for example, where the Toyota Way has been evolving since the company's inception in 1926.

In Chapter One it was asked if a company outside of Japan could learn from Toyota, given that Toyota's roots run deeply in the Japanese culture. Liker et al (2008:12) state that Toyota faced exactly the same challenge as its operations branched out across the globe. Liker et al (2008:13) continue by stating that for most of its existence Toyota operated only in Japan and did not at the time document the Toyota Way as such. As they expanded globally it became necessary to document what had made their company a success - to document their DNA in order to replicate its success in all of its operations (Liker et al, 2008:13). This, according to Liker et al (2008:13), took ten years to document. This is a clear demonstration of the fact that culture evolves over many years, if not decades, and that companies such as Company X must therefore be patient in their quest for culture change.

Once the culture (the practices, processes, beliefs, norms and values) of Company X has been reviewed, clearly defined, articulated and communicated, it has to be built into and aligned with all processes and practices across the entire organisation.

Company X's leadership style, like Toyota's, according to Liker et al (2008:355), should be portrayed as a leadership style that supports and acts out the desired culture by

leaders living out their DNA in word, thought and deed. Thus, again it is recommended that servant leadership should be adopted, with the characteristics of a transformational style of management, to empower and support the value-adding workers at the front-line (Liker et al, 2008:335).

In addition to this, Company X must understand and anticipate resistance to change and must manage it effectively. The implementation of robust change programmes will ensure an effective and sustainable process, especially when led by effective leaders who are committed to support and enable the desired change.

## **5.2. Changing the organisational culture through dialogue**

Chapter Three describes how changing the organisational culture means changing the conversation. Company X should adopt the traits of conversational leadership which enable organisational learning and change. Jorgensen (2008:1) says that conversation is an imperative to both social and organisational success. Conversational leadership is about employees learning together, understanding and conversing about change, through enabling the achievement of the desired culture, processes and practices, in order to ensure collective understanding. Khandagle supports Jorgensen's view of the importance of conversation and believes that dialogue should be embedded through all levels of the organisation. It should be part of how leaders, teams and the entire organisation behave (Khandagle, 2008:1). Company X should adopt these principles.

In so doing, Clanon (1999:12) suggests, the corporate language that we use when embarking on change should itself change and be re-aligned. Company X must steer away from using conventional language and terms such as re-engineer, roll-out, and restructure, which words are geared towards control rather than learning (Clanon 1999:12). A new corporate language should be sought, and new organisational metaphors are required to bring about the necessary change. This language is not currently in existence (Clanon 1999:12).

In accordance with Hamel's view (2007:128), the language that we use should be changed throughout the organisation. We can no longer use terminology associated with past and inappropriate management practices and beliefs, if we are to bring about a change in management practice. Terms such as organisational levels, top-down and cascading are

terms with connotations associated with traditional managerial practices such as organising, leading, planning and controlling. They are no longer relevant or appropriate. Company X should start talking about new management principles and identifying systems and practices that are no longer relevant and that act as barriers to change.

New management practices have to be established and supported by the appropriate language to instil the desired practices.

Company X would have to adopt different capabilities if such a change is to occur. Clanon (1999:13) states that the organisation has to enable personal and shared reflection that people need to listen to one another, to tolerate ambiguity, to be patient in so doing, and to build coaching capability to be able to give and receive support throughout the change process.

If a culture such as Company X's is to change to be more responsive, adaptive, innovative and empowering, one has to focus on the results that the organisation wishes to achieve through change. In order for effective culture change to occur we must change the conversation, we must change the language and quality of our dialogue and engagement. We have to embark upon a new conversation, steering clear of past, habitual conversations, be it in everyday conversations, the printed media or general staffing engagement sessions (Gates, 2007:21). Gates suggests that we have to move towards talking about a culture that we want, that would steer us in a direction to make the necessary shift. Energy, tension and a desire to change, a desire to change the conversation may take us there (Gates, 2007:21).

### **5.3. Applying collective wisdom**

If Company X strives towards a culture of continuous improvement, innovation and problem solving, then it should be tapping into the collective wisdom of the teams to do so. Company X must shift from the traditional approaches of problem solving and decision making, which leaves decisions in the hands of a few experts.

Company X would have to remove some of the obstacles that may stand in the way of applying the wisdom of the crowds and collective decision making, especially the mindsets and mental obstacles to this innovation. One of the benefits that could accrue from this change may an improvement in the chances of finding information that that they didn't

know was out there. It would also minimise the impact of mistakes that individual's might make.

This would be a constraint in implementing this kind of thinking within Company X currently, given existing mindsets.

In this light, it would be highly recommended that Company X draws on the collective minds within their teams and explores a more innovative approach which should enhance problem solving, innovation and decision making - that of the collective intelligence.

Trusting the collective judgment of teams within Company X may be difficult to start with, but in the long run it will give us the best chance of making better, faster and more innovative decisions. This is therefore an opportunity for the Company X to start trusting individual leaders and experts less and teams and groups more.

## **6. Managing resistance**

Kegan et al (2009:2) state that it is clear that we require new ways of understanding what prevents and enables change in today's times. They believe that what inhibits change is not necessary due to a problem of will, but the inability to close the gap which exists between wanting to change and the ability to do so. Can people really change? Kegan et al (2009: xiii) are of the view that people can change, and specifically refer to the ability of adults to change. They state that adults can continue to evolve their mental systems. In essence, their view is that mental development does not end in adolescence. They believe that adults in the working environment, at any age continue to develop and evolve their mental models.

In supporting the view of Briskin et al, Kegan et al believe that collective learning is required to face the twenty-first century change challenges, however, it takes more than mere reflection, as this reflection will occur within our existing mindsets. Kegan et al (2009:6) believe that true development is not just about training within the current operating system, but about transforming the operating system itself.



Kegan et al (2009: xii) are of the opinion that by building a successful learning platform that would enable a transition from diagnosing immunities or resistance to change, and a method of overcoming them will enable organisations and their people to adapt their personal change goals accordingly, in order to succeed. This requires, according to Kegan et al (2009:xii), the ability to alter the mindset previously in order to meet such adaptive challenges.

To enable effective change and the acceptance of new mental models, within a transforming operating system, a different type of leadership is called for. Accordingly to Kegan et al (2009:26) leaders and employees alike, should step out of their own ideology and understand the limitations of their own current frameworks, as such a quantum shift in individual mental complexity is called for. The challenge however would be to understand what current individual mental models exist and the mental models that are required in today's complex world.

In understanding and dealing with resistance to change, Kegan et al (2009:31) suggest that in dealing with complex problems as presented by the world today, we must firstly understand the challenge and the limits of our current mental complexity to deal with it. Following this, we would need to understand how we need to adapt our mental models in such a way that we shift our current mental models and complexity, in order to solve it. That calls for the ability to alter our current mindsets. Altering our mindsets will require connecting not only on a cognitive level of individuals, but should connect with the head and heart, the feeling and thinking.

For Company X to achieve real, sustainable change, Kegan et al (2009:308) believe that Companies, such as Company X must realise that there is "life after adolescence", that mental growth continues and is not age dependent. Company X should in addition realise that a change in mindset takes time, and that changing mindsets need to involve the head and heart. They need to recognise that transformation in both mindset and behaviour is required to bring about such transformation. A conducive environment is required to embrace such transformation. Company X's leaders have to recognise that organised learning, focussing on the outcome rather than on courses, remains an essential preparation for adult life, but is also essential for promoting the growth of mental capacity throughout adult life. Transformational learning is an essential component to meet the adaptive challenges of today. If Company X is to change successfully, learning should

take place in work groups, continuously over time, transferring knowledge to others and “co-teaching” (Kegan et al, 2009:313). Such learning Kegan et al (2009:317) believe takes time, it is not just about “flipping a light switch on”, it is a gradual process of mental reintegration and transformation.

Implementing mentioned recommendations will not be easy. Members of the staff are likely to be nervous and sceptical, especially since many of the recommendations are not conventional approaches that they are familiar with. And these challenges will be compounded by the current global downturn, making businesses such as Company X a lot more sceptical about implementing new initiatives or approaches in these already uncertain times. Over and above this, one cannot forget that any change intervention is met with a certain amount of resistance from employees. Be it implementing aspects of Theory U, a new leadership style, a culture of continuous improvement or an attempt to empower the front-line, employee resistance is inevitable, as a fear of the new and unknown will bring about a diverse set of responses from individuals across the company. Resistance is a common occurrence when organisations undergo change. It is part of an individual's journey through the change process. It is a natural response and should be seen and managed as such.

Coleman (2006:33) supports this view, in that he states that it is human nature to be wary of change and to resist it. He substantiates his view by referring to a survey conducted by a consulting company called Changefirst, where it was found that 37% of employees will be committed to change, 25% will resist it and 38% will accept it, but will require support from the organisation and its leaders to assist them in becoming more committed. According to this study, low levels of employee commitment were associated with poor communication of the change by the organisation, the failure of leaders to win the support of employees, and the failure of employees themselves to recognise the need for change (Coleman:33, 2006).

According to Scharmer (2007:135), leaders have to be in touch with reality, with what is really going on, using the change of mind-set to drive change. People resist change only if it is perceived to be difficult and if they are unable to see the bigger picture (Scharmer, 2007:135). Dialogue, which Scharmer defines as “the art of seeing together,” will allow for leaders and followers to understand their reality and face it with more confidence and less scepticism.

In the change process it is important that employees feel that they are fully engaged and are part of the transition from the start. Listening to their opinions and addressing their concerns provides true leadership and engagement through times of uncertainty.

As change has become the norm in businesses today, Company X, like many other organisations, expects to be able to bring about the necessary changes in order to ensure its survival, and expects change to occur concurrently with increased performance. The leaders within Company X will have to lead the organisation and its employees effectively through the recommended changes. They will have to understand the case for change and articulate it clearly to others. They will need to be effective in their communication style in order to communicate effectively with their employees.

The leaders within Company X will have to acknowledge and understand that resistance is a natural step in the change process. They must understand that they cannot control it. Often leaders perceive employee resistance to change as illogical and irrational, purely an obstacle in their change process. During previous change efforts in Company X in the past, those employees that openly resisted the change or questioned it were perceived as being destructive and negative. Such a perception is not necessarily justified. It must be acknowledged that people need time to deal with change. The way to deal with such resistance is not necessarily to provide information about the change time and time again, but rather to support the employees emotionally as they deal with the change (McMurray et al, 2005:30-36).

They believe that leaders have to create a safe space in which employees may explore their thoughts and feelings about the change, and that the organisation needs to support them through the process through effective coaching. Leaders also have to understand that involving their employees in the change process, asking for their participation, and overtly valuing their input into decision making will ease their resistance, as they will have been part of the change and will not feel that the changes are being imposed on them. Their input into the change process should not be ignored or downplayed. The employees have to feel connected to change and fully understand what it means to them and how it may impact on them (McMurray et al, 2005: 30-36). Again, open dialogue is a must, and this means listening as much as talking, to effectively assist followers through the change process. Leaders within Company X must make it safe for employees to deal with change, by creating a safe environment in which people may question the change, challenge it or attack it – in which it is safe to discuss the change process openly and freely (McMurray et

al, 2005: 30-36). And the leaders have to listen to their employees. Listening and dialogue are critical. The leaders have to understand the issues at hand and the specific cause of the resistance, and engage with employees openly about these matters (McMurray et al, 2005:30-36).

Further to this, McMurray et al (2005: 30-36) believe that leaders have to acknowledge that change affects each individual differently. Some employees may feel motivated and stimulated by the proposed change, whilst others may feel overwhelmed and depressed about it. Leaders also have to assist each employee in understanding what the change means to them individually, how it will affect their current role and what needs to be changed in the way their work is approached. This in itself will avoid unnecessary resistance (McMurray et al, 2005: 30-36). Leaders will have to develop diverse approaches to communicating information and a flexible leadership style that will enable them better to deal with each employee's specific needs and to supply the support required through the change process (McMurray et al, 2005: 30-36). McMurray et al encourage leaders to become very visible during times of uncertainty and change. It is at this stage that leaders have to control their own emotions and reactions to change, as their behaviour is under close scrutiny at these times.

Managing the change process can be seen as managing resistance, but Pappas (2006), relying on Hiatt's view, takes a different position: that managing change should not be about managing resistance but rather about getting people excited about the benefits change. An additional strategy suggested by Pappas (2006) is that the leadership should ensure that stakeholders' concerns are heard, as they are more than likely to be legitimate. Responding to those concerns may be critical to the success of the change process. Understanding the interests of those who resist change is also of the utmost importance. Leaders also have to be prepared to subject themselves to having unpleasant conversations!

Leaders have to develop their own change management competencies to effectively lead the change. They need to understand their roles in leading the process. They need to participate actively and visibly. According to Ackerman et al (2001:203), leaders must walk their talk by role-modelling new mindsets, behaviours and ways of working.

In managing change, it is important to gain a critical mass of support, according to Ackerman et al (2001:77). Change agents, representing top executives, experts, customers, front-line representatives and informal leaders throughout the organisation, should be mobilised and involved in the change processes. Gaining their support will influence and will in turn mobilise more support, including that of the resistors and the fence-sitters. This will eventually, according to Ackerman et al (2001:77) result in enough support for the transformation process to go ahead. The leaders can then guide the change process forward by applying the other skills and techniques referred to above.

## **7. Conclusion**

Given the current climate in which Company X finds itself, in which opportunities for expansion are not a consideration, these recommendations are made with the purpose of bringing about an organisation-wide, holistic and integrated change which will ensure the Company's success in times to come. As the optimisation of the current resource base is imperative, getting this change process right is of vital importance to sustaining the business. Company X should therefore seriously consider applying some of the recommendations in support of its journey through change.

Company X's leaders have to cater for and cultivate fertile ground in which progress can occur, and which will allow such creative, innovative ways of learning to be tested. They need to, according to Scharmer (2007: 74), create an environment that unleashes the power of the people by inspiring them to achieve high performance.

Advocates of individual and collective transformational change are required to shift away from the applications of patterns of the past, and apply their highest future possibility to operate from an inner place. (Scharmer, 2007: 5). Given the current global and economic situation, and the need for organisations to bring about systemic change and change the way in which they have operated in the past, this type of individual and collective transformational change is required if organisations are to succeed in such a fast changing, complex world.

Leaders and employees alike would have to be willing to move into unknown territory, which would mean taking a risk in allowing the testing of Theory U.

They would need to be open to and suspend past practice, redirect their thoughts and let go of old practices and welcome new innovative ideas of the future as it emerges. What would be required is for Company X to shift the way in which it learns, shift away from learning from the past, and start applying learning from the future as it emerges.

Dialoguing would apply, in that Company X, according to Scharmer (2007: 121), would have to move away from meetings and habitual conversations and patterns of the past in order to move away from the old world.

It must be realised though that putting Theory U into practice is still in its infancy, and as such, according to the view of the author, may not be easily accepted by organisations when trying to apply such theory in practice and selling it to leaders. Integrating theory and practice may pose somewhat of a challenge in organisations such as Company X with its traditional, established ways of thinking, feeling and acting. It would require testing such principles, and requires leadership support and an understanding of the perceived value to be added by implementing Theory U. The author is of the opinion that this will thus be somewhat of a challenge within Company X.

## **Chapter 5**

### **1. The purpose revisited**

With the current global economic climate, specifically the global economic slowdown and the possibility of a USA recession looming, Company X has to review its current operating model, and has in fact begun to do so. Given that limited opportunities exist at present to find new reserves and the fact that the current economic climate is not favourable to investment in major capital expansion projects, optimisation of the current assets seems to be the only viable option at this stage.

This study was embarked upon to this end, with the purpose of exploring organisational learning within a continuous business improvement context, in order to assist Company X in achieving its objectives.

It is hoped that this dissertation will contribute to the development of knowledge that will inform the desired culture, the associated behaviours, the leadership styles and the management innovation that will be required to bring about the holistic and successful organisational change that is required at this stage to ensure business sustainability through these difficult and turbulent times.

It is hoped that this will guide and further assist the organisation in developing the appropriate interventions relating to the culture required to support continuous business improvement and the most appropriate leadership style required to support the transition to the inverted triangle model of management, with the eventual goal of creating a front-line-focused organisation. The study has aimed at highlighting the gaps in the change processes which need to be addressed in order to enable leaders to better lead the organisation and in themselves to become role models for their employees

The study has specifically aimed at addressing three broad areas for development and consideration within Company X, and has reviewed literature which could influence and inform the development of:

- A culture appropriate to supporting the new strategy, which includes lean manufacturing, continuous business improvement and the inverted triangle management paradigm.

- The behaviours that would contribute to embedding this culture.
- A leadership style and management processes within the organisation appropriate to supporting the culture.

A theoretical, descriptive inquiry, and a literature-based review was undertaken to gain an understanding of the relevant concepts and their applicability to Company X, in dealing with the complex problems currently facing the organisation.

Given the constraints imposed on this study, specifically those of cost, time and the length of the study, it is recommended that the study be followed by an empirical research project, to be embarked upon to derive quantitative data through a review of production statistics and relevant quantitative surveys, conducted on the concepts investigated, thus complementing this theoretical study.

## **2. Recommended way forward**

It is proposed that Company X initiate the following measures:

Firstly it is recommended that Company X defines a comprehensive change strategy and roadmap, which articulates clearly what actions, should be embarked upon to effect the desired large-scale, holistic, transformational change.

Secondly, and in support of the first point, the Company's leaders should realise the need for change holistically and should lead the change in the context of the considerations set out in Chapter Four regarding leadership style and management innovation.

Given that a number of initiatives have already been taken, a critical step for their completion in the context of the need for even more sweeping transformation is that the Company's vision statement be revisited with a view to making it more realistic, aligned to the current business context and ensuring that it defines where the company is heading.

Thirdly, in order to embrace the required socio-technological change requirements, Company X should create a culture which celebrates and encourages success, innovation, creativity and empowerment, a culture which acknowledges learning both from past



mistakes and from the future as it emerges, thus creating a learning organisation that effectively responds to the changes being faced in its turbulent environment.

Fourthly, Company X should challenge those current management practices, which are functioning at present as barriers to creativity and innovation. It is recommended that Company X defines its current management blueprint and then clearly understands and articulates, in the context of the recommendations made in Chapter Four, the new and desired leadership style, management practices and associated behaviours. A consideration in so doing would also be to take cognisance of the different generations within the organisation.

Fifthly, Company X should consider putting a flatter structure in place to support the desired culture underpinned by continuous business improvement, with specific focus on the front-line of the organisation. The leaders need to enable and empower the front-line to deliver the desired results and to take accountability for their own performance in so doing.

A more particular process could be to remove the existing barriers to communication barriers and increase the transparency of information-sharing. This would also mean placing a major focus on the functioning of teams and problem-solving techniques. If the focus is going to shift to the front-line of the organisation then the front-line employees would have to be fully equipped with problem-solving techniques and tools in support of the elimination of waste and the optimisation processes. Implementing and sustaining lean management requires the promotion of a clear strategy and the alignment of strategic objectives across operating units, supportive leadership, and correctly channelled and effective engagement and communication that will inform behaviour. These are the imperatives of lean management and leadership.

Sixthly, Company X should consider what can be learnt from Toyota, as Toyota has already travelled this journey, and knowing their experiences could enable Company X to eliminate unnecessary waste in their change processes.

Lastly, to sustain such change Company X must bring about change through dialogue and establish a new language which depicts the desired culture and change requirements, influenced and enabled by conversational leadership principles.

In addition to bringing about change through appropriate dialogue, it is further recommended that Company X taps into the “wisdom of the crowds” as it is termed by Surowiecki and Briskin et al. Through tapping the collective consciousness or group mind, team synergy will be enhanced, which would result in faster, better and more innovative decision-making and problem-solving processes.

### **3. The intended readers**

The intended readers of this research would be specifically the Continuous Improvement Project Team within Company X, Company X’s leadership team, on-site leadership teams, the Human Resources Discipline, the Communications Discipline and the Training and Development Unit. The Training and Development Unit should seriously consider attempting to develop the leadership traits described in this study in those who attend their leadership development programmes.

All of these teams and the various stakeholder groups have key roles to play in effecting change, if it is to be brought about holistically and in such a way as to guarantee buy-in.

These readers are encouraged to read for themselves the literature about change referred to in this study, in order to gain a broader understanding of the issues involved in the change process, what it demands and the number of challenges it may face along the way.

### **4. Future recommended research**

As already said, it is recommended that a larger, empirical research project should be embarked upon following the completion of this study, to further unpack and understand the “as is” of Company X’s current culture and leadership style.

Another research project that could be embarked upon in future studies would be to fully understand the concept of lean, which originated in Japan in the manufacturing industry, and its applicability in a westernised South African context in the mining industry.

## 5. Final thoughts

In today's difficult times Company X's leaders are going to have to think and act differently if different results are to be achieved, and to apply new management methodologies to ensure the continuing success of the Company. This study hopes to contribute to their journey towards a lean, more efficient organisation, one which desires to be a world-class organisation through applying world-class ways of work led by world-class leaders.

Company X should strive towards transforming current behaviour and mindsets and transformation should bring about lasting behaviour change enabling the achievement of strategic objectives (Kegan et al, 2009:320).

The author agrees with a Chief Knowledge Officer's (CKO) view, as quoted in Kegan et al's (2009: xi) writing:

"You've conceived the jet engine in the era of the prop plan, and you've demonstrated here you can get the thing off the ground, but you haven't a clue what to do with the plane now that you've got it airborne – where to fly it or how to land it."

The author is of the opinion that this is where Company X's biggest challenge lies. In theory the concepts of lean, within the mining company, in the western world, the application of continuous improvement, the focus on the front-line and the culture change that is required, may be an accepted strategy going forward. It may be understood, and they may have commenced their journey, and to use the analogy of the an aeroplane as stated by the CKO in Kegan et al's writings, they may have "got it off the ground and airborne, but the author is not sure if they fully understand how to practically fly it or land it going into the future.

However, Company X is commended for realising its need to change if it is to remain competitive in these demanding times, in facing economic uncertainty in a dynamic and chaotic world.

By considering some of the recommendations mentioned throughout this study, and considering the magnitude of change required, it is hoped that Company X could, with much effort, fulfil its vision of becoming a great place to work, where people could have fun

and learn whilst doing so. When realistically considered however, this may seem a somewhat idealistic objective. What would Company X look like in five or ten year's time? That would certainly make for an interesting case study over time.

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## Appendix 1



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19 JUNE 2008

MRS. CA BALDWIN (207526645)  
LEADERSHIP CENTRE

Dear Mrs. Baldwin

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0182/08M

I wish to confirm that ethical clearance has been approved for the following project:

“Exploring organisational learning within a continuous business improvement context”

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Yours faithfully

  
.....  
MS. PHUMELELE KIMBA

cc. Supervisor (Dr. K Pillay)  
cc. Mrs. C Terblanche